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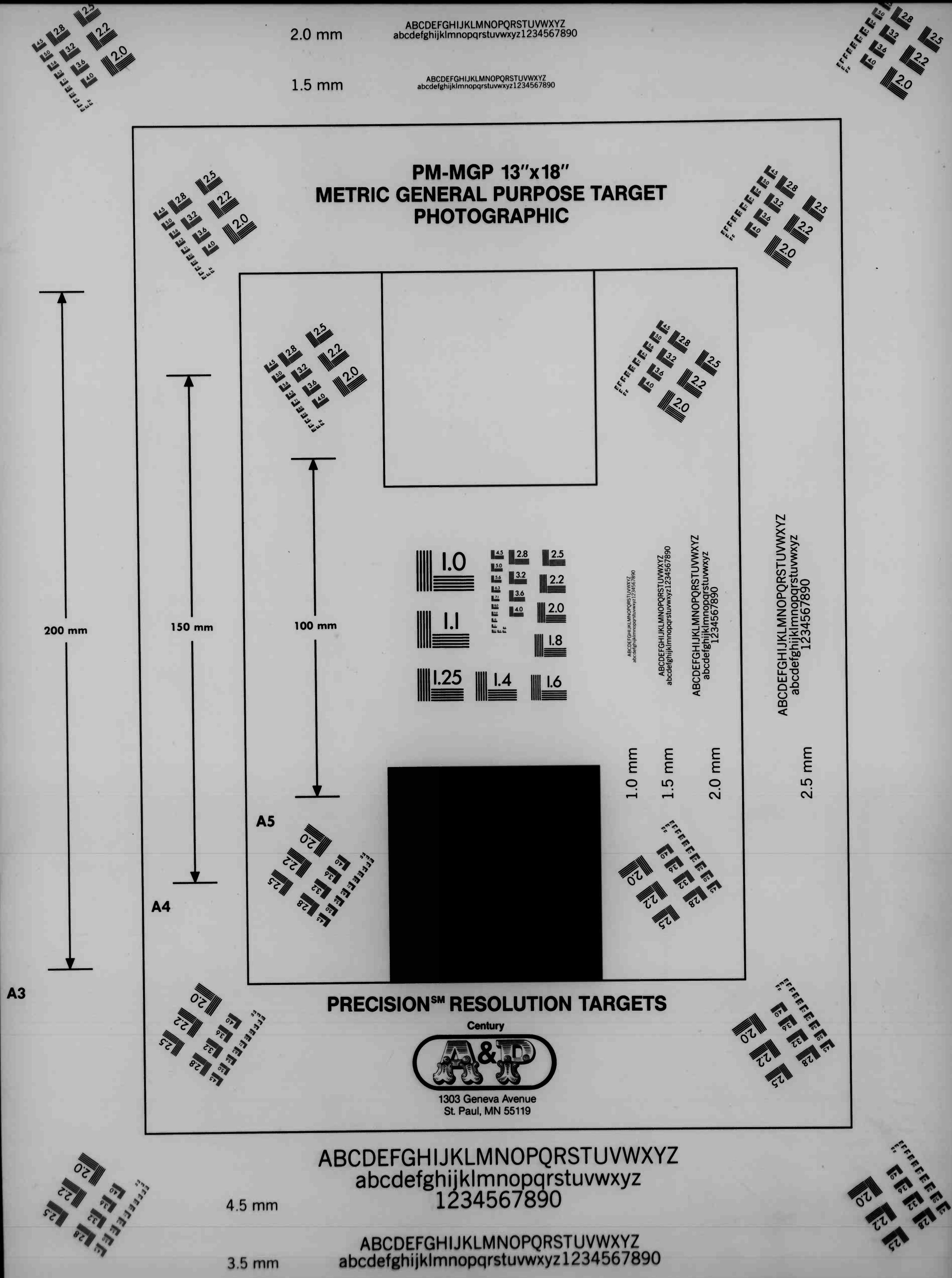

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INHERITANCE TAXES

FOR INVESTORS

INHERITANCE TAXES FOR INVESTORS

Some practical notes on the inheritance tax laws of each of the States of the United States, with particular reference to their application to non-resident investors

BY

HUGH BANCROFT

(Of the Massachusetts Bar)

SECOND EDITION REVISED TO JANUARY 1, 1917

BOSTON AND NEW YORK
HOUGHTON MIFFLIN COMPANY
The Riverside Press, Cambridge
1917

Published May 1917

PREFACE TO FIRST EDITION

THIS is a collection of a series of articles published in the Boston News Bureau in February and March, 1911. They were prepared for the purpose of showing to investors how seriously they may be affected by the inheritance tax laws of every State in the country as well as the one in which they happen to live. It was also hoped that they might be of some help to the movement for the adoption of a uniform law that will do away with the double taxation which is such a frequent result of the working of the present laws.

The articles are reproduced with almost no change in substance, and in the order in which they were first printed. The fact that they were originally a series of newspaper articles accounts for the prevalence of the editorial "we."

Though this is intended to be only a handbook for investors and those called upon to advise about investments, it is hoped that it may be found useful as well by attorneys who wish to obtain some familiarity with the situation. For that reason, citations have been made of some of the more important cases. In preparing these articles the statutes were examined to January 1, 1911, and there have been no material changes since then.

H. B.

March 15, 1911.

PREFACE TO SECOND EDITION

SINCE these articles were first published, the inheritance tax laws of most States have been materially changed. Most of the work of revision to include legislation to January 1, 1917, has been done by my colleague, Arthur W. Blakemore, Esq., of the Massachusetts Bar.

H. B.

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INHERITANCE TAXES

CHAPTER I

RECENT DEVELOPMENT OF INHERITANCE TAXATION

THERE are few questions so important to far-sighted investors as that of inheritance taxes, and there are few subjects so little understood. This is not in the least surprising. A survey of the situation in the United States is like a journey through a chaos, peopled by sovereign States, each, wolf-like, seeking some pretext to take for itself a bite out of every estate that comes along.

Most of the inheritance tax legislation is new — the acts in nineteen States were passed in 1909 and 1910, and important amendments or entirely new acts have been passed in most of the States since that time. Much of this legislation is ill-considered: a State enacts a law patterned after that of another without having much idea of what it means; different officials in the same State read the law differently; and many of the most important questions have not yet been passed upon by the courts.

Until a comparatively short time ago few States taxed inheritances. Those that did were modest in their demands, and the payment of an inheritance tax to any except the deceased's home State was almost unknown.

Now all but five States have an inheritance tax law of some sort. Twenty-five per cent is regarded as an equitable figure for large estates in some quarters, and tax attorneys are employed to try to collect from estates

of men who never lived in a State and never owned a bit of property physically within the State.

Most of these laws have been passed within a dozen years, and under them the claim has been quite generally asserted and enforced that the State of incorporation is entitled to an inheritance tax on stock owned by a non-resident, and in some cases on bonds as well.

As the State of residence (with few exceptions) in no way relinquishes or modifies its tax on this account, it has become fairly common for estates to pay inheritance taxes twice on the same shares of stock.

Even this is not enough. A corporation is organized in one State, does all its business in another, and the stockholder lives in a third. We find the second State in several instances seeking to tax the shares as well as the other two. If such a corporation owns property in several States there are splendid possibilities for the tax-gatherers, though no State, in the case of a corporation organized elsewhere, has gone further than to claim a tax based on the proportion of the value of the property within the State to the entire property of the corporation.

On the other hand, some States allow credit for payments made to other States; exempted amounts are often so liberal that ordinary investment holdings escape; and taxes on property going to near relatives are frequently not onerous.

Collateral relatives and strangers seem to be generally considered fair game, and two States, Iowa and North Dakota, have singled out the non-resident alien, one for a twenty per cent tax, the other for twenty-five per cent.

It must be noted that the tendency during the last few years seems to be setting strongly toward sanity

under the leadership of the great Eastern States. The fact that States like New York, Connecticut, Massachusetts, New Hampshire, and Vermont have very recently abandoned double taxation of personal property has already had some effect on the Western lawmakers, and will doubtless eventually lead to a universal adoption of the principles laid down in these new statutes.

There still remains, however, a distinct and natural line of cleavage between the Eastern or creditor States and the Western or debtor States in this particular.

Notable recent developments are the attempt to extend the tax to insurance policies in Massachusetts and Wisconsin and to interests in co-tenancy in Massachusetts and New York.

The recent federal law, drafted on novel lines, probably opens a new chapter in the theory and history of the subject.[1]

In the preparation of this new edition, the statutes and decisions of all the States have been examined down to January 1, 1917. As the courts in most of the States have not passed upon the questions that most affect non-residents, and the language of the statutes themselves is seldom specific as to their application to non-residents, information has been sought — often in vain — from the Tax Commissioner, Attorney-General, or other appropriate officer to find out how the tax authorities in each State are construing their own law. In very few States is there any well-established practice in inheritance tax matters, and many of the present rulings may be changed at any time by the courts or by the tax authorities themselves.

[1] See *post*, p. 96 *et seq.*

CHAPTER II

INHERITANCE TAX LAWS NOW ENACTED BY FORTY-THREE STATES — DIRECT AND COLLATERAL INHERITANCES DISTINGUISHED

BEFORE entering the maze of inheritance tax legislation, the investor can somewhat simplify his problem by a process of elimination.

Inheritance tax laws, as a rule, tax all property, real or personal, situated within the State, whether owned by a resident or non-resident, and also personal property of a resident which is situated without the State.

Such laws have been enacted by all but five States, and the District of Columbia. The investor may then become fully posted as to the future of his estate, so far as the States of the Union are concerned, by the study of forty-three enactments, adding Hawaii and Porto Rico if he chooses. There is yet a chance that his labors may be further simplified, for eleven of the States exempt direct inheritances and tax only collateral inheritances.

By a direct inheritance is meant, usually, property passing to a father, mother, husband, wife, child (including adopted child), and lineal descendant. Some States include brothers and sisters and also the wife of a son and husband of a daughter. By a collateral inheritance is meant property passing to other more distant relatives or to strangers.

If the investor is satisfied to have his property "stay in the family," he may reduce his labors to the study of thirty-two enactments, besides the federal tax under the revenue law of 1916.

The following table indicates what States have an inheritance tax, what States tax direct inheritances, and what States tax collateral inheritances.

State	*Inheritance tax law?*	*Direct inheritance tax?*	*Collateral inheritance tax?*
Alabama	No	No	No
Arizona	Yes	Yes	Yes
Arkansas	Yes	Yes	Yes
California	Yes	Yes	Yes
Colorado	Yes	Yes	Yes
Connecticut	Yes	Yes	Yes
Delaware	Yes	No	Yes
District of Columbia	No	No	No
Florida	No	No	No
Georgia	Yes	Yes	Yes
Hawaii	Yes	Yes	Yes
Idaho	Yes	Yes	Yes
Illinois	Yes	Yes	Yes
Indiana	Yes	Yes	Yes
Iowa	Yes	No	Yes
Kansas	Yes	Yes	Yes
Kentucky	Yes	Yes	Yes
Louisiana	Yes	Yes	Yes
Maine	Yes	Yes	Yes
Maryland	Yes	No	Yes
Massachusetts	Yes	Yes	Yes
Michigan	Yes	Yes	Yes
Minnesota	Yes	Yes	Yes
Mississippi	No	No	No
Missouri	Yes	No	Yes
Montana	Yes	Yes	Yes
Nebraska	Yes	Yes	Yes
Nevada	Yes	Yes	Yes
New Hampshire	Yes	No	Yes
New Jersey	Yes	Yes	Yes
New Mexico	No	No	No
New York	Yes	Yes	Yes
North Carolina	Yes	Yes	Yes
North Dakota	Yes	Yes	Yes
Ohio	Yes	No	Yes
Oklahoma	Yes	Yes	Yes
Oregon	Yes	Yes	Yes
Pennsylvania	Yes	No	Yes
Porto Rico	Yes	Yes	Yes
Rhode Island	Yes	Yes	Yes
South Carolina	No	No	No
South Dakota	Yes	Yes	Yes
Tennessee	Yes	Yes	Yes
Texas	Yes	No	Yes
Utah	Yes	Yes	Yes
Vermont	Yes	No	Yes
Virginia	Yes	No	Yes
Washington	Yes	Yes	Yes
West Virginia	Yes	Yes	Yes
Wisconsin	Yes	Yes	Yes
Wyoming	Yes	Yes	Yes
United States	Yes	Tax on estate	

CHAPTER III

RATES OF TAX AND EXEMPTIONS

THE principle of exempting small inheritances from any tax is very generally recognized, but there is, as might be expected, a wide diversity in the amount of the exemption and in the rates of tax.

In nearly every State direct inheritances are treated much more liberally than collateral inheritances, both as to rates and as to exemptions.

Eleven of the forty-three States with inheritance tax laws exempt direct inheritances altogether. All but Utah tax direct inheritances at a lower rate, and grant larger exemptions to direct inheritances than to collateral inheritances.

As many of the States have complicated schemes of graduated rates and exemptions, there is some difficulty in presenting a simple, comparative table. The appended table shows the extreme range of rates and exemptions.

On direct inheritances one per cent is the favorite rate, and ten thousand dollars is the common exemption. The husband or wife and children are most favored where there are graduated rates, and large inheritances are taxed more than small ones.

On collateral inheritances the common minimum rate is five per cent, with maximum rates running up to ten, fifteen, and in California thirty per cent. Exemptions seldom exceed five hundred dollars. When the rates and exemptions are graduated, nearness of relationship

is usually considered, and the heavy rates are imposed on large inheritances.

It is almost invariably the size of the inheritance, not the size of the estate, that determines the tax. Thus, an estate of thirty thousand dollars passing in three equal shares to the widow and two children, in a State with an exemption of ten thousand dollars, would pay no tax; that is, unless property is specifically devised, it is usually taxed as though a *pro-rata* share were given to each beneficiary of the estate. The table follows: —

States	*Direct inheritances*		*Collateral inheritances*	
	Rate (per cent)	*Exemption*	*Rate (per cent)*	*Exemption*
Alabama	–	Not taxed	–	Not taxed
Alaska	–	Not taxed	–	Not taxed
Arizona † °	1	$5000	2–6	$500
Arkansas † °	1–8	$1000–$3000	3–24	$500
California	1–15	$10,000–$24,000	3–30	$500–$2000
Colorado °	2–4	$10,000	3–10	$500
Connecticut	1–4	$10,000 *a*	3–8	$500–$3000 *a*
Delaware	–	Not taxed	1–5	$500
District of Columbia	–	Not taxed	–	Not taxed
Florida	–	Not taxed	–	Not taxed
Georgia °	1	$5000	5	Nothing
Hawaii	2	$5000	5	$500
Idaho	1–3	$1000–$4000	1½–15	$500–$2000
Illinois	1–2	$20,000	2–10	$500–$2000
Indiana	1–3	$2000–$10,000	1½–15	$100–$500
Iowa * *b*	–	Not taxed	5	$1000
Kansas	–	Not taxed	3–15	$200–$5000
Kentucky	1–3	$5000–$10,000	1½–15	$500–$2000
Louisiana * *c*	2	$10,000	5	Nothing
Maine	1–2	$500–$10,000	4–7	$500
Maryland *	–	Not taxed	5	$500
Massachusetts	1–7	$1000–$10,000	3–10	$1000
Michigan	1	$2000–$5000	5	$100
Minnesota	1–4½	$3000–$10,000	3–15	$100–$1000
Mississippi	–	Not taxed	–	Not taxed
Missouri	–	Not taxed	5	Nothing
Montana *	1	$7500	5	$500

* The exemption in the States marked with an asterisk has been construed to apply to the estate as a whole rather than to individual shares.

† The exemption in the States marked with a dagger depends in part on the size of the estate as a whole, and in part on the size of the individual share.

° In the above States the distinction between direct and collateral inheritances is not exactly followed in making the rates of tax.

a Only one exemption allowed in each class.

b Iowa taxes non-resident aliens 10–20 per cent.

c Louisiana exempts property that bore its just proportion of taxes during owner's life.

States	Direct inheritances		Collateral inheritances	
	Rate (per cent)	Exemption	Rate (per cent)	Exemption
Nebraska	1	$10,000	2–6	$500–$2000
Nevada *	1–5	$10,000–$20,000	2–25	Nothing–$10,000
New Hampshire °	–	Not taxed	5	Nothing
New Jersey	1–3	$5000	2–5	$500
New Mexico	–	Not taxed	–	Not taxed
New York °	1–4	$500–$5000	2–8	$500
North Carolina	1–5	$2000–$10,000	3–9	Nothing
North Dakota *d*	1–3	$10,000–$20,000	1½–15	Nothing–$500
Ohio *	–	Not taxed	5	$500
Oklahoma	1–4	$5000–$15,000	5–10	$2500
Oregon *e*	1	$5000	2–6	$500–$2000
Pennsylvania	–	Not taxed	5	$250
Porto Rico	1–4	$200–$5000	3–12	$200
Rhode Island *f*	½–3	$25,000	5–8	$1000
South Carolina	–	Not taxed	–	Not taxed
South Dakota	1–3	$3000–$10,000	1½–15	$100–$1000
Tennessee *	1–1½	$10,000	5	$250
Texas	–	Not taxed	2–12	$500–$2000
Utah *	3–5	$10,000	3–5	$10,000
Vermont	–	Not taxed	5	Nothing
Virginia	–	Not taxed	5	Nothing
Washington *	1	$10,000	3–12	Nothing
West Virginia	1–3	$10,000–$15,000	3–15	Nothing
Wisconsin	1–3	$2000–$10,000	1½–15	$100–$500
Wyoming *	2	$10,000	5	$500
United States	Tax is on estates of residents exceeding $50,000, 1½–15 per cent. No exemption to non-residents.			

* The exemption in the States marked with an asterisk has been construed to apply to the estate as a whole rather than to individual shares.

° In the above States the distinction between direct and collateral inheritances is not exactly followed in making the rates of tax.

d North Dakota taxes non-resident aliens 25 per cent.

e Oregon exempts entire estate if less than $10,000, direct; $500 to $5000 collateral.

f Rhode Island also imposes a tax on the net estate of ½ per cent; exemption, $5000.

CHAPTER IV

THE STATES WHICH TAX SECURITIES OWNED BY NON-RESIDENTS

The States that have inheritance tax laws, as a rule, tax all property that is situated in the State, whether the owner was a resident or not.

Herein lies the importance to the investor of an acquaintance with the inheritance tax laws of the States other than the one in which he lives, especially because most States do not confine themselves to property physically within the State.

These States treat shares in corporations organized under their laws as subject to an inheritance tax, though held without the State by a non-resident. This is on the theory that as the corporation itself is a creature of the State, its shares are subject to the jurisdiction of the State, wherever owned.

As the State of residence taxes such stock, the result is that two States tax the same succession. The Supreme Court of the United States, though recognizing the hardship of the practice, has decided that the Constitution does not prohibit such double taxation.[1]

Collection of this tax is usually enforced by holding the corporation itself responsible if it permits the transfer of stock for a foreign executor or administrator before the tax is paid. The mere location of a transfer office in the State may necessitate a waiver, as some corporations

[1] Blackstone *v.* Miller, 188 U.S. 189.

States	*Are shares of non-residents in local corporations subject to tax?*	*Is tax claimed on stock of foreign corporations owning property in State?*
Alabama	No	No
Arizona **‡	Yes	Yes
Arkansas ‡	Yes	Yes
California ‡**	Yes	Yes
Colorado ‡**	Yes	Yes
Connecticut ‡	No	No
Delaware	No §	No
Florida	No	No
Georgia	Yes	Yes
Idaho ‡	Yes	No
Illinois ‡**	Yes	No
Indiana	No	No
Iowa ‡	Yes	No
Kansas ‡	Yes	No
Kentucky ‡**	Yes	Yes
Louisiana **‡	Yes	Yes
Maine ‡	Yes *a*	Yes
Maryland	No	No
Massachusetts ‡	No	No
Michigan ‡**	Yes	Yes
Minnesota ‡	Yes	No
Missouri ‡	Yes	No
Mississippi	No	No
Montana ‡	Yes	No
Nebraska ‡	No §	*
Nevada ‡	Yes	Yes
New Hampshire ‡	No	No
New Jersey ‡	Yes	No
New Mexico	No	No
New York ‡	No *b*	No
North Carolina ‡**	Yes	No
North Dakota**	Yes	Yes
Ohio	No	No
Oklahoma ‡	Yes	Yes
Oregon ‡	Yes	No
Pennsylvania ‡	No	No
Porto Rico	No	No
Rhode Island	No	No
South Carolina	No	No
South Dakota ‡**	Yes	No
Tennessee ‡**	Yes	*
Texas **	Yes	*
Utah ‡	Yes	No
Vermont ‡	No	No

* This question does not seem to have been raised or passed upon in the States marked with an asterisk.

§ In the States so marked it was apparently the opinion of their tax officials in 1916 that they were not entitled to collect such a tax, and we do not know that the law is now being construed differently. Their laws, however, are practically identical with the laws of States which claim this tax, and, moreover, contain a provision for enforcing its collection.

‡ In States so marked a corporation transferring stock or delivering securities is held responsible itself, if the inheritance tax has not been paid.

** These States also tax registered bonds of local corporations owned by non-residents.

a Only when the corporation has taxable property in Maine exceeding one thousand dollars in value. There is also a reciprocity clause exempting residents of States which exempt Maine decedents.

b New York taxes such transfers of business corporations in proportion to the New York real estate they hold.

States	*Are shares of non-residents in local corporations subject to tax?*	*Is tax claimed on stock of foreign corporations owning property in State?*
Virginia	No	No
Washington ‡	Yes	No
West Virginia ‡	Yes	No
Wisconsin ‡	Yes	No
Wyoming ‡	Yes	*
United States. — See *post*, p. 96.		

* This question does not seem to have been raised or passed upon in the States marked with an asterisk.

‡ In States so marked a corporation transferring stock or delivering securities is held responsible itself, if the inheritance tax has not been paid.

are now requiring executors to obtain New York waivers simply on the ground that they maintain transfer offices in New York.

All bonds are taxed where the owner resides, and if kept in another State are likely to be taxed there as well. A tax by the State of incorporation on bonds owned by non-residents, if kept outside the State, would seem to be invalid under the general principles of taxation, yet, in most of the States which are taxing stock in domestic corporations owned by non-residents, the language of the law is broad enough to include bonds as well. It would not be surprising to find almost any of the States that are taxing stock of domestic corporations owned by non-residents at any time added to the list of those taxing registered bonds of non-residents, especially Louisiana, whose statute mentions registered bonds. There are even signs of an effort in some States to reach coupon bonds as well.

Coupon bonds are much better than registered bonds in this respect, however. We know of one large estate, the property of which consisted mostly of registered bonds, wherein the executors were forced to spend several thousand dollars for inheritance taxes and lose much valuable time in obtaining transfers, when, if the bonds

had been coupon bonds, they could have been transferred at once without trouble or expense.

The number of these unfair States has, however, been materially reduced during the last few years, as a comparison of the accompanying table with that printed in the first edition of this book, will show.

Several States have recently been claiming an inheritance tax on stock of non-residents in corporations which are not even organized under their laws, but which own property within the State. We believe such a tax to be clearly void, as has already been decided in Massachusetts [1] and in Illinois,[2] and we assume will be so held in any other State where the question is presented.[3]

One interesting feature of the situation of the non-resident tax is the recent incorporation of a "ratio provision" in the law in Maine (1913), New Jersey (1914), Kansas (1915), and Rhode Island (1916). These provisions seek to make the non-resident's tax depend on the proportion which his property in the taxing State bears to his entire estate. They are subject to the objection that they make the tax depend on the size of the estate outside of the taxing State, which results in lack of uniformity.[4] Such a procedure has already been discountenanced in Massachusetts and is now the subject of litigation in New Jersey. Such a provision leads to grotesque results when considered in the light of local exemptions.

[1] Welch *v.* Burrill, 111 N.E. 774.

[2] State *v.* Dennett, 114 N.E. 423.

[3] Cf. State *v.* Dunlap, (Iowa) 156 Pac. 141.

[4] Cf. a learned article on this subject by Joseph F. McCloy, Esq., in the *Trust Companies Magazine*, December, 1916.

[5] See *post*, pp. 51, 64. See also Arkansas law, *post*, p. 21; Attorney-General *v.* Barney, 211 Mass. 134.

CHAPTER V

SOME GENERAL RULES — HARDSHIPS ON NON-RESIDENTS IN ADMINISTERING THE LAW

Before proceeding to examine the laws and practice of the individual States, it may be useful to summarize the rules which may be taken to be of general application, unless exceptions are specially noted. The property subject to tax under the inheritance tax laws of any State can be classified as follows: —

Residents —
- Real estate within the State (but not real estate outside the State).
- Personal property of every description, tangible or intangible whether held within or without the State.

Non-residents —
- Real estate within the State.
- Tangible personal property within the State.
- Stocks or bonds in corporations organized under the laws of the State.

The States that tax stock in domestic corporations owned by non-residents usually tax shares in national banks doing business within the State as well. This tax can hardly be justified on the ground that the bank is a creature of the State. Bank deposits of non-residents are similarly treated.

The personal property of a resident which is held outside of the State is taxed on the theory that personal property follows the domicile of its owner. The intangible personal property of a non-resident actually or theoretically within the State is taxed because it can be; so why bother with theories?

Where a non-resident keeps securities in the State, as in a safe-deposit vault, there is a distinction made between stocks and bonds. The more common practice is to tax all such bonds, whether they are bonds of domestic or foreign corporations, but the common rule is not to tax certificates of stock of a foreign corporation so kept by a non-resident within the State. A conspicuous exception is found in the case of Pennsylvania, which very properly does not tax the intangible personal property of a non-resident kept within the State, whether in the form of stocks or bonds.

Laws are being rapidly enacted throughout the country forbidding any safe-deposit company or other bailee from giving up possession of securities of a decedent till after the taxing authorities have had an opportunity to examine them, and these laws are constitutional.[1] A New York court has, however, recently held that the safe-deposit company has no control of securities in rented boxes and cannot enforce the law.[2]

Another popular innovation, especially in our Western States, is a requirement of ten days' notice to the taxing authorities before transfer of stocks or other securities.

The common practice of requiring non-resident executors and administrators to file complete inventories, copies of probate records, and other similar documents before consent is given to the transfer of stock may be a source of considerable expense as well as annoyance. We hear of an English estate owning stocks to the value of $4180 in Illinois Central (Illinois corporation), Chicago, St. Paul, Minneapolis & Omaha (Wisconsin corporation), and Long Island Railroad (New York corporation). In getting these securities transferred the expenses amounted to between $125 and $150, irrespective of the inheritance taxes.

[1] National Safe Deposit Co. *v.* Stead, 232 U.S. 58.

[2] Glynn *v.* Mercantile Safe Deposit Co., 143 N.Y.S. 849.

Another vexatious and unnecessary burden on non-residents is the requirement that the executor or administrator of a non-resident decedent shall take out ancillary probate in the State no matter how small the transfer that is desired. This often means attorneys' and court fees — as in Michigan — far in excess of the tax involved. The practice is not followed, however, in most States.

In the case of non-residents the practice varies as to the application of exemptions. In some States the entire amount of the inheritance must be considered in deciding whether it is exempt, and not merely the portion of the property taxable in the State. In other States the exemption is apportioned according to the amount of property in the State as compared to the whole inheritance; [1] while some States claim no tax if the portion of the inheritance subject to their jurisdiction does not exceed their exemption.

The claim of some States to a tax on shares of corporations organized elsewhere, but owning property within the State, may often be of only academic interest to a non-resident investor. A Boston estate has stock of a New Jersey corporation owning property in Iowa. Iowa claims an inheritance tax on such stock as well as Massachusetts and New Jersey. Unless this estate owns other property in Iowa or stock in some corporation organized under Iowa laws, Iowa would have some difficulty in enforcing the claim. This sort of tax is successfully enforced where the tax authorities require a complete

[1] See *ante*, pp. 7, 8.

inventory of the estate when a non-resident presents stock for transfer. Then the State is in a position to collect almost any tax it chooses to claim by holding up the transfer until it is paid. The tax is, however, clearly illegal.[1]

It is not uncommon to find estates passing to direct heirs little troubled by inheritance taxes of other States. As has already been pointed out, the exemption usually applies to the interest of each heir, not merely to the estate as a whole. An estate of a man with several children is thus often in a better position than the estate of a man with a single child.

The multiplication of inheritance taxes imposes a very real burden on collateral inheritances. With the usual exemption limited to five hundred dollars, and five per cent, the minimum rate, the collateral relative who receives a bequest of even ten shares of any ordinary investment stock is likely to pay at least ten per cent in inheritance taxes.

There is little question but that the States with stringent inheritance tax laws affecting non-residents will lose in the end. Such laws will certainly tend to drive outside capital from the State. The strong demand by local investors for stock in Massachusetts corporations is not wholly due to their exemption from current taxation. The assurance that only one inheritance tax can be collected on such stock is an element of attractiveness to the careful investor. This holds true of the local securities in every State, and the experience of New York under its drastic statute[2] should prove a warning to other States.

[1] See *ante*, p. 12.

[2] See *post*, p. 67.

CHAPTER VI

THE STATES WHICH HAVE NO INHERITANCE TAX LAW

There are no inheritance tax laws in the following jurisdictions: —

Alabama	Mississippi
Alaska	New Mexico
Florida	South Carolina
District of Columbia	

The estates of residents of these States pay no inheritance taxes except such as other States may be able to extract. Estates of non-residents are not called upon to pay a double tax on corporations organized under their laws.

It will be noted that four of these States are in the South, a portion of the country which has been very conservative in inheritance tax legislation.

1. Alabama

Alabama had a collateral inheritance tax on personal property only from 1848 to 1868. The constitution of 1901 forbids a direct inheritance tax, and limits any collateral inheritance tax that may be enacted to two and one half per cent. No inheritance tax law has been enacted since the adoption of this constitution.

2. District of Columbia

There is no inheritance tax in the District of Columbia, although efforts have been made to pass one.

3. Florida

Florida has no inheritance tax and has never had an inheritance tax law.

4. Mississippi
5. New Mexico
6. South Carolina

These three States have no inheritance tax law and have never had any inheritance tax law.

There are no companies, organized under the laws of any of them, whose securities are of general investment importance to non-residents. The large companies doing business in these States are usually incorporated under the laws of other States.

CHAPTER VII

THE STATES WHICH HAVE INHERITANCE TAX LAWS

1. Arizona

Arizona, on becoming a State, was very quick to assert its privileges by passing a complete inheritance tax[1] with a unique system of rates and exemptions.

The following taxes are imposed: —

To grandparent, parent, husband, wife, child, brother, sister, wife or widow of a son or husband of a daughter, or to any child adopted or mutually acknowledged as such or to any lineal descendant	1%
In above cases estate valued at less than $10,000 is not subject to tax, and tax is levied only on excess above $5000 received by each person.	
To uncle, aunt, niece, nephew, or any lineal descendant of the same	2%
In above cases estate valued at less than $5000 is not subject to tax, and tax is levied only on excess above $2000 received by each person.	
In all other cases —	
Not exceeding $10,000	3%
$10,000 to $20,000	4%
20,000 to 50,000	5%
Exceeding 50,000	6%
Estate valued at less than $500 is not subject to tax; tax is levied only when the amount received by a person amounts to $500 or more.	

[1] St. 1912, Special Session, c. 15.

The State is collecting a tax on the stock of domestic corporations owned by non-residents and on stock of foreign corporations owning property in the State and on real estate in the State belonging to non-residents. The representative of a non-resident decedent is obliged to make affidavit showing the total assets and debts and expenses of the estate and details of the beneficiaries, but need not file an inventory of the whole estate.

2. Arkansas

AN EXAMPLE OF UNFAIRNESS

Arkansas adopted a collateral inheritance tax in 1901 and extended the tax to direct inheritances in 1907. The statute was entirely redrafted in 1913 [1] for the purpose of readjusting the progressive rates substantially in accordance with the Wisconsin law.

The following taxes are imposed: —

To widow [2] or minor child —

Not exceeding $3000	exempt
$ 3000 to $ 5000	1%
5000 to 10,000	2%
10,000 to 30,000	3%
30,000 to 50,000	4%
50,000 to 100,000	5%
100,000 to 500,000	6%
500,000 to 1,000,000	7%
Exceeding 1,000,000	8%

To parent, husband, wife, child, brother, sister, wife or widow of son, or husband of daughter, or child adopted or mutually acknowledged, or to any lineal descendant of decedent —

[1] St. 1913, c. 197.

[2] A widow's dower is not taxable. McDaniel *v.* Byrkett, 179 S.W. 491.

Not exceeding $1000	exempt
$ 1000 to $ 5000	1%
5000 to 10,000	2%
10,000 to 30,000	3%
30,000 to 50,000	4%
50,000 to 100,000	5%
100,000 to 500,000	6%
500,000 to 1,000,000	7%
Exceeding 1,000,000	8%

To all others —

Not exceeding $500	exempt
$ 500 to $ 5000	3%
5000 to 10,000	6%
10,000 to 30,000	9%
30,000 to 50,000	12%
50,000 to 100,000	15%
100,000 to 500,000	18%
500,000 to 1,000,000	21%
Exceeding 1,000,000	24%

Friends of tax reform may well grieve over the tendencies shown in the amendment of 1915,[1] whereby stock and even bonds of foreign corporations belonging to non-resident decedents are subject to the inheritance tax when the corporations own property in the State, although the new act does provide, as a concession to fairness, that the stock or bonds shall be valued at that proportion of the true value which the physical property of such corporation located in the State bears to the total physical property of the corporation. This provision seems aimed at mining and irrigation companies operating in the State.

An amendment in 1915 [2] contains the curious provision that if the assessment of the tax would leave sums

[1] St. 1915, c. 231, § 1.

[2] St. 1915, c. 231, § 2. As to figuring exemptions under the act of 1909 see McDaniel *v.* Herrn, 179 S.W. 337.

equal to or in excess of the exemptions, the tax shall be paid on the value of the entire estate without deducting the exemption.

The new law holds responsible for the collection of the tax not only Arkansas corporations transferring their own stock, but also any safe-deposit company, corporation, bank, or other institution, person, or corporation having in possession or control securities, deposits, or other assets of a decedent.

3. California

A NEAR APPROACH TO CONFISCATION

California adopted a collateral inheritance tax in 1893,[1] following the old New York law. A direct inheritance tax act was passed in 1905,[2] and amended in 1909,[3] 1911,[4] 1913,[5] and 1915 [6] increasing both the progressive rates and the exemptions. The progressive rates are levied in each instance only on the excess above the amount taxed at the next lower rate.

The following taxes are imposed: —

Direct inheritances including husband, wife, lineal issue, lineal ancestor, adopted child, mutually acknowledged child in certain cases, or issue of such adopted or acknowledged child —

Not exceeding $25,000	1%
$ 25,000 to $ 50,000	2%
50,000 to 100,000	4%
100,000 to 200,000	7%
200,000 to 500,000	10%
500,000 to 1,000,000	12%
Over $1,000,000	15%

[1] St. 1893, c. 168.
[2] St. 1905, c. 314.
[3] St. 1909, c. 337.
[4] St. 1911, c. 394 and c. 395.
[5] St. 1913, c. 595.
[6] St. 1915, c. 189.

Exemptions —
To widow or minor child, $24,000.
To any other in above class, $10,000.

Collaterals including brother or sister or their descendant, wife or widow of a son or husband of a daughter —

Not exceeding $25,000	3%
$ 25,000 to $ 50,000	6%
50,000 to 100,000	9%
100,000 to 200,000	12%
200,000 to 500,000	15%
500,000 to 1,000,000	20%
Over $1,000,000	25%

Exemption, $2000.

To brother or sister of father or mother or descendant of such brother or sister —

Not exceeding $25,000	4%
$ 25,000 to $ 50,000	8%
50,000 to 100,000	10%
100,000 to 200,000	15%
200,000 to 500,000	20%
500,000 to 1,000,000	25%
Over $1,000,000	30%

Exemption, $1000.

To any other relatives or strangers —

Not exceeding $25,000	5%
$ 25,000 to $ 50,000	10%
50,000 to 100,000	15%
100,000 to 200,000	20%
200,000 to 500,000	25%
Over $500,000	30%

Exemption, $500.

The exemptions apply to each individual share, not to the estate as a whole.

The Supreme Court of California has decided that the tax is on the excess over the exemption, not, as in many

States, on the entire inheritance if it exceeds the exemption.[1] The exemption, however, does not affect the computation of the progressive rates, as it is deducted from the first $25,000 in each distributive share and not from the distributive share as a whole. So if a beneficiary receives $30,000, and the exemption is $10,000, he will be taxed on $15,000 at the primary rate and on $5000 at the higher rate.[2]

California taxes stock of a California corporation owned by a non-resident at its full value without deduction for its proportion of the debts and expenses of administration.[3] This is merely another example of the injustice of the California law.

The State authorities contend that a tax is due upon stock of foreign corporations owning property in the State, but there has been no decision of the Supreme Court on the subject.[4] Real estate in the State belonging to a non-resident decedent is subject to tax. Bonds of a non-resident, temporarily in the State at his death, are not for that reason taxable,[5] but the State is levying a tax on bonds of California corporations owned by non-resident decedents.

Corporations and individuals delivering or transferring certificates or assets of a non-resident estate are responsible for the tax. It is not the practice to require a complete inventory of a non-resident's estate. A representative of such estate must file an affidavit showing facts concerning residence and date of death of decedent, the value and items of his California property, data con-

[1] *In re* Bull's Estate, 153 Cal. 715; *In re* Timken's Estate, 158 Cal. 51.
[2] See Blakemore and Bancroft on Inheritance Taxes, p. 325.
[3] McDougal *v.* Low, 127 Pac. 1027.
[4] See *ante*, p. 12.
[5] *In re* McCahill's Estate, 153 Pac. 930.

cerning the beneficiaries and as to whether decedent had made transfers of his property in contemplation of death.

4. Colorado

Colorado enacted an inheritance tax in 1901,[1] amended in 1902,[2] using the Illinois statute of 1895 as a model. It was radically amended in 1909[3] and 1913.[4]

The following taxes are imposed: —

Direct inheritances including father, mother, husband, wife, child, brother, sister, wife or widow of a son or husband of a daughter or adopted child in certain cases or any lineal descendant of the decedent —	
Under $10,000 only if the share is in perpetuity	exempt
Not exceeding $100,000	2%
$100,000 to $200,000	3%
Exceeding 200,000	4%
Collateral inheritances, including uncle, aunt, nephew, niece or any lineal descendant of the same —	
Not exceeding $20,000	3%
$20,000 to $ 50,000	4%
50,000 to 100,000	5%
Exceeding $100,000	6%
In all other cases —	
Not exceeding $10,000	4%
$10,000 to $ 20,000	5%
20,000 to 50,000	6%
50,000 to 100,000	8%
Exceeding $100,000	10%

Exemption in all cases except direct inheritances, $500. If, however, amount exceeds $500, tax is charged on the full amount.

[1] St. 1901, c. 94.
[2] St. 1902, c. 3, held constitutional in *In re* Magnes, 32 Colo. 527.
[3] St. 1909, c. 193.
[4] St. 1913, c. 136.

Colorado taxes stock owned by a non-resident in a Colorado corporation or in a foreign corporation also incorporated in the State, or where articles of incorporation are filed or it is doing business in the State having general or transfer offices or property in the State. The tax is also figured upon all bonds, mortgages, or securities, or interest in any such corporation secured upon property or franchises in the State.

The exemptions are figured on the share of each beneficiary. The State does not prorate the exemption in cases of non-resident decedents, but allows the full exemption to each. The State claims and collects a tax on real estate situated in Colorado belonging to a non-resident decedent.

Executors, administrators, and trustees are bound to pay the tax before transfer of property. A provision, which has become very popular recently, requires any corporation or individual about to transfer property to give ten days' notice to the Attorney-General of the time and place of the transfer. The representatives of the estates of decedents are required to file complete inventories of all their property wherever situated.

5. Connecticut

A STATE WHICH HAS ABOLISHED DOUBLE TAXATION OF PROPERTY OF NON-RESIDENTS

Connecticut adopted a collateral inheritance tax in 1889 and extended it to direct heirs in 1897. The State Supreme Court decided that the personal property of a non-resident was not taxable under this statute, but that the law as amended in 1903 included such property.[1]

[1] Gallup's Appeal, 76 Conn. 617. As to constitutionality see Nettleton's Appeal, 76 Conn. 235; Hopkins' Appeal, 77 Conn. 644.

There were important revisions in 1907 and 1909, and in 1913 an entirely new act[1] was passed abolishing entirely the taxation of intangible property of the estates of non-resident decedents and avoiding double taxation of such property. This State, therefore, now claims no tax on the transfer of stock in Connecticut corporations owned by non-residents.

Mr. Corbin, the very able Tax Commissioner of the State, complained very vigorously in his biennial report for 1913–14 that this law was hastily drawn; that the rates were too low and the exemptions too high, with the result that the receipts from inheritance taxes since 1911 had declined forty per cent. He also complained of the system of having the law administered and appraisals made under the direction of the one hundred and thirteen probate judges in the State, and advocated a central administration like that in Massachusetts, New York, and other States. As a result the Legislature passed a new law in 1915[2] materially increasing the rates and reducing the exemptions, and giving the tax commissioners power to institute proceedings in the Probate Courts to fix the tax.

The following taxes are imposed:[3] —

Direct inheritances, including those to parent, grandparent, wife, lineal descendant, adopted child or his lineal descendant, and adopting parent —

Not exceeding $10,000	exempt
$ 10,000 to $ 50,000	1%
50,000 to 250,000	2%
250,000 to 1,000,000	3%
Over $1,000,000	4%

[1] St. 1913, c. 231. [2] St. 1915, c. 332. [3] St. 1915, c. 332.

Collaterals, including husband or wife of child of decedent, stepchild, brother or sister of full or half blood, or any descendant of such brother or sister —

Not exceeding $3000	exempt
$ 3000 to $ 25,000	3%
25,000 to 50,000	5%
50,000 to 250,000	6%
250,000 to 1,000,000	7%
Exceeding $1,000,000	8%

All others —

Not exceeding $500	exempt
$ 500 to $ 50,000	5%
50,000 to 250,000	6%
250,000 to 1,000,000	7%
Over $1,000,000	8%

The law contains a provision, not found in any other State we believe, that only one exemption for each class shall apply to the net estate passing to all beneficiaries in that class. In the case of the estates of non-resident decedents, leaving real estate or tangible personal property in the State, only such percentage of the exemptions shall apply as the estate in Connecticut is of the entire estate.

The act of 1913 provided that any person or corporation that transfers or delivers any taxable property of a non-resident without the permission of the Tax Commissioners is subject to a penalty of three times the amount of the tax. This clause is not incorporated in the act of 1915, but as the act of 1913 is not expressly repealed it would seem to be still in effect.

The representatives of non-resident decedents are required to furnish the Tax Commissioner the following information: An inventory of all property in Connecticut; a certified copy of the appointment of the executor or administrator; a certified copy of the detailed inventory of the estate wherever situated; and the name, relationship to the decedent, and amount each beneficiary other than lineals receives of the property actually or constructively in the State of Connecticut.

6. Delaware

Delaware adopted a collateral inheritance tax in 1869.[1] In 1883[2] its application was limited to strangers in blood. In 1909[3] the present act was adopted, and was slightly amended as to relatives of the half blood in 1913.[4]

The following taxes are imposed: —

Direct inheritances (to parents, grandparents, husband, wife, child, adopted child or lineal descendant)	exempt
Brother, sister of the whole or half blood, and descendant of brother or sister	1%
Brother or sister of father or mother and their descendants	2%
Brother or sister of grandfather or grandmother and their descendants	3%
More distant collateral relations and strangers in blood	5%

The exemption is $500 and applies to individual shares. Where the value of the interest passing exceeds $500, only the excess is subject to tax.

No tax is now claimed on stock of Delaware corporations owned by non-resident decedents, but no investor should rely on this practice, as the Delaware statute

[1] Del. St. vol. 13, c. 390. [2] Del. St. vol. 17, c. 8, 11.
[3] St. 1909, c. 225, p. 514.
[4] St. 1913, c. 269. The present act is contained in Del. Rev. St. of 1915, §§ 146–152.

seems to furnish ample authority for such a tax and is in fact identical with other statutes — that of New Hampshire, for example — where such a tax has been exacted.

The reason given for the Delaware position is that stocks and bonds of corporations are exempt from taxation in Delaware. But if their tax is, like other inheritance taxes, a tax on the transfer and not on property, this makes no difference.[1] There seems to be as yet no judicial decision in Delaware on the question.

7. Georgia

Georgia is one of the most recent States to fall in line by enacting an inheritance tax in 1913[2] of a very fair and moderate nature.

The following taxes are imposed: —

Parents, husband, wife, child, brother, sister, wife or widow of a son, adopted child or lineal descendant	1%
Exemption, $5000, the tax being imposed only on the excess over the exemption.	
The exemption is figured on each individual interest and not on the entire estate.	
All other relatives and strangers (with no exemption)	5%

We are advised by the Comptroller-General that the act is confined in its operation to property within the jurisdiction of the State; that property passing by will of a non-resident to a citizen of Georgia would not be subject to the tax, but property in Georgia passing to a non-resident would be. Hence stock owned by non-resident decedents in Georgia corporations is subject

[1] See Blakemore and Bancroft on Inheritance Taxes, §§ 9, 264.
[2] St. 1913, No. 259, p. 91.

to the tax, but the State is not now collecting a tax on registered bonds issued by Georgia corporations owned by non-residents.

Executors are required to file an inventory of taxable property in the Court of Ordinary having jurisdiction within three months of appointment, under a penalty not to exceed $1000!

The act has been sustained as a tax on a privilege and not on property.[1]

8. Idaho

Idaho in 1907 copied the former California law almost verbatim.

The following taxes are imposed:[2] —

To husband, wife, lineal issue, lineal ancestor, child adopted or mutually acknowledged or any lineal issue of such child —	
Not exceeding $25,000	1%
$ 25,000 to $ 50,000	1½%
50,000 to 100,000	2%
100,000 to 500,000	2½%
Exceeding 500,000	3%
Exemptions —	
To widow or minor child, $10,000.	
To all others in above class, $4000.	
To brother or sister or descendant of same, wife or widow of son or husband of daughter —	
Not exceeding $25,000	1½%
$ 25,000 to $ 50,000	2¼%
50,000 to 100,000	3%
100,000 to 500,000	3¾%
Exceeding 500,000	4½%
Exemption, $2000.	

[1] Martin *v.* Pollock, 87 S.E. 793.
[2] St. 1907, c. 78. Idaho Revised Code, Title 10, c. 5, §§ 1873–1897.

To brother or sister of father or mother or descendant of such brother or sister —

Not exceeding $25,000	3%
$ 25,000 to $ 50,000	4½%
50,000 to 100,000	6%
100,000 to 500,000	7½%
Exceeding 500,000	9%

Exemption, $1500.

To brother or sister of grandfather or grandmother or descendant of such brother or sister —

Not exceeding $25,000	4%
$ 25,000 to $ 50,000	6%
50,000 to 100,000	8%
100,000 to 500,000	10%
Exceeding 500,000	12%

Exemption, $1000.

To all others —

Not exceeding $25,000	5%
$ 25,000 to $ 50,000	7½%
50,000 to 100,000	10%
100,000 to 500,000	12½%
Exceeding 500,000	15%

Exemption, $500.

The tax has been very carelessly enforced in the past by county officials, but the new Tax Commissioners are making strenuous efforts to enliven what has been in most counties of the State a dead letter. They even claimed a tax on transfers of stock of non-residents in a foreign corporation owning property in the State, but have been defeated before the State Court.[1]

The act specifically covers all property within the State belonging to non-residents, which would seem to cover stock in Idaho corporations owned by non-residents.

[1] State *v.* Dunlap, 156 Pac. 1141. See also, *ante*, p. 12.

The statute contains the common provision holding the corporation responsible for the tax if it transfers such stock before the inheritance tax is paid.

9. Illinois

Illinois adopted a tax on all kinds of inheritances in 1895, which included progressive rates applying to distant relatives and strangers, with a maximum of six per cent.[1] The constitutionality of the statute was sustained in the Illinois Supreme Court.[2] Later the question was raised in the Supreme Court of the United States, which, in a very far-reaching decision, held that progressive taxation and substantial exemptions do not infringe the equal protection of the laws guaranteed by the Fourteenth Amendment.[3]

The following taxes are now imposed: [4] —

Direct inheritances, including those to father, mother, husband, wife, child, brother, sister, wife or widow of son, husband of daughter, adopted or acknowledged child, lineal descendant —

Under $20,000	exempt
From $20,000 to $100,000	1%
Over $100,000	2%

($20,000 is always exempt and only the excess over this amount is taxed.)

Collateral inheritances —

Inheritances to uncle, aunt, niece, nephew and their lineal descendants —

[1] Laws of 1895, p. 301.

[2] Kochersperger *v.* Drake, 167 Ill. 122.

[3] Magoun *v.* Illinois Trust & Savings Bank, 170 U.S. 283. See also Billings *v.* Illinois, 188 U.S. 97.

[4] Rev. Stats. 1909, c. 120, §§ 366–388; St. 1909, p. 311; St. 1913, p. 513; St. 1915, p. 572. The law is valid, People *v.* Starring, 113 N.E. 627.

Under $2000	exempt
From $2000 to $20,000	2%
Over $20,000	4%

($2000 is always exempt and only the excess over this amount is taxed.)

All other inheritances —

Under $500	exempt
From $ 500 to $ 10,000	3%
From 10,000 to 20,000	4%
From 20,000 to 50,000	5%
From 50,000 to 100,000	6%
Over 100,000	10%

The exemptions apply to the individual shares, not to the estate as a whole. The exemption of $20,000 is the most liberal given to direct heirs in any State. The rate is figured on the amount subject to tax above the exemption. So, where the value of property passing to the wife subject to the tax is less than $100,000, the tax is one per cent, although the total value of the property received, including that exempt, exceeds $100,000.[1]

A bank deposit of a non-resident in Illinois, and both stocks and bonds of an Illinois corporation, kept by a non-resident in a safe-deposit box in Illinois, are subject to the inheritance tax, but stocks and bonds of foreign corporations owned by a non-resident so kept in a safe-deposit box are not subject to the tax.[2]

Illinois requires the executor or administrator of a non-resident estate to answer, under oath, a printed list of questions before consent is given to the transfer of any Illinois stocks; but this does not necessarily involve setting forth an inventory of the entire estate.

Illinois taxes stock and bonds in Illinois corporations

[1] *In re* Ullmann's Estate, 105 N.E. 292.
[2] People *v.* Griffith, 245 Ill. 532.

owned by non-residents wherever held. If the corporation transfers the stock without notifying the tax authorities, it is made liable for the tax and is subject to a penalty as well.

The State has been collecting a tax where a foreign corporation owns property in the State and the stock belonged to a non-resident decedent, but can hardly do so in the future in view of a recent decision very properly holding such tax illegal.[1]

Local real estate of non-residents is taxable, but the act does not cover a resident's interest in real estate situated in another State.[2] A widow's award is taxable.[3]

10. Indiana

Not until 1913 did Indiana at last follow the example of other States of the Middle West by passing an inheritance tax law with progressive rates and other customary modern provisions.[4]

The following taxes are imposed: —

To husband, wife, lineal issue, lineal ancestor, child adopted or mutually acknowledged, or its lineal issue —

Not exceeding $25,000	1%
$ 25,000 to $ 50,000	$1\frac{1}{2}$%
50,000 to 100,000	2%
100,000 to 500,000	$2\frac{1}{2}$%
Exceeding 500,000	3%

Exemptions —
To widow, $10,000.
To others in this class, $2000.

[1] People *v.* Dennett, 114 N.E. 423, relying on People *v.* Griffith, 245 Ill. 532. See also *ante*, p. 12.
[2] People *v.* Kellogg, 268 Ill. 489.
[3] People *v.* Forsyth, 112 N.E. 378.
[4] St. 1913, c. 47.

To brother or sister of decedent or descendant of brother or sister, wife or widow of a son, husband of a daughter —

Not exceeding $25,000	1½%
$ 25,000 to $ 50,000	2¼%
50,000 to 100,000	3%
100,000 to 500,000	3¾%
Exceeding 500,000	4½%

Exemptions, $500.

To brother or sister of father or mother or descendant of such brother or sister —

Not exceeding $25,000	3%
$ 25,000 to $ 50,000	4½%
50,000 to 100,000	6%
100,000 to 500,000	7½%
Exceeding 500,000	9%

Exemptions, $250.

To brother or sister of grandfather or grandmother or descendant of such brother or sister —

Not exceeding $25,000	4%
$ 25,000 to $ 50,000	6%
50,000 to 100,000	8%
100,000 to 500,000	10%
Exceeding 500,000	12%

Exemption, $150.

To other relatives and strangers —

Not exceeding $25,000	5%
$ 25,000 to $ 50,000	7½%
50,000 to 100,000	10%
100,000 to 500,000	12½%
Exceeding 500,000	15%

Exemption, $100.

The act follows the recent tendency to avoid double taxation by limiting the tax to tangible property within the State of non-residents, and therefore no tax is claimed on stock of Indiana corporations owned by non-residents

or on stock of foreign corporations simply because they own property in the State. A tax is, however, claimed on real estate in Indiana belonging to non-resident decedents. The State authorities are courteously issuing to non-resident executors a waiver with the names of the securities left blank to facilitate transfer.

The exemptions are figured on each share of beneficiaries.

11. Iowa

DISCRIMINATION AGAINST THE NON-RESIDENT ALIEN

Iowa adopted a collateral inheritance tax in 1896,[1] which has been frequently amended. The act of 1911 [2] compiled the existing law, which was amended in 1913 [3] by a provision releasing real estate sold under order of court. Inheritances to father, mother, husband, wife, lineal descendant, adopted child, or lineal descendant of adopted child are exempt.

The following taxes are imposed: [4] —

Collateral inheritances —

Inheritances to other relatives and strangers except non-resident aliens	5%
Exemption, $1000.	
Inheritances to brothers or sisters who are non-resident aliens	10%
Inheritances to more distant relatives or strangers who are non-resident aliens	20%

The exemption applies to the estate as a whole rather than to the individual shares.[5] The validity of this discriminatory tax against non-resident aliens has not been

[1] St. 1896, c. 28.
[2] St. 1911, c. 68.
[3] St. 1913, c. 120. See also St. 1913, c. 121.
[4] St. 1911, c. 68.
[5] Herriott v. Bacon, 110 Iowa, 342.

passed upon by the courts, but it would be very surprising if it should not be held that it is in violation of most of the present treaties with the important foreign countries.[1]

Iowa taxes stock of an Iowa corporation owned by a non-resident,[2] and the corporation is held responsible for the tax. The State formerly claimed, but is not now collecting, a tax upon stock of a non-resident in a foreign corporation which owns property in Iowa.

The State, however, has gone as far as any in claiming a tax on money invested in the State. In a recent case a Florida woman loaned money on Iowa mortgages, through an Iowa agent who kept the notes and other securities in Wisconsin, and the court sustained the claim of an Iowa inheritance tax on the ground that the securities had a "business situs" in Iowa.[3]

The statute has recently been attacked and sustained in a decision upholding the progressive rates and the exemption of direct inheritances.[4]

Real estate situated in the State belonging to a non-resident decedent is subject to tax. Where a part of the estate goes to direct heirs and a part to collateral and no specific disposition is made, the tax is apportioned. Safe-deposit companies and kindred institutions are made liable for the tax unless they notify the State Treasurer before delivering over securities to the representative of an estate.

The form of return now in use calls for only a list of

[1] See *In re* Anderson, 147 N.W. 1098, where the court holds this provision not to be in conflict with the Danish treaty of 1857. It has been held void as to English subjects (McKeon *v.* Brown, 149 N.W. 593), but good as to Swedes (*In re* Peterson's Estate, 151 N.W. 66).

[2] Estate of Culver, 123 N.W. 743.

[3] *In re* Adams, 149 N.W. 531. [4] *In re* Peterson, 151 N.W. 66.

stock in Iowa corporations, money or securities within the State, and real estate.

12. Kansas

Kansas adopted a tax on all inheritances in 1909, which was, however, repealed in 1913 to make way for a new law to be passed, but the members of the Legislature could not agree on its terms and adjourned without action. The omission was remedied in 1915[1] by the passage of an act modeled in part on the former statute, omitting, however, the tax on direct inheritances and the former reciprocal provision to avoid double taxation on the estates of non-residents.

The following taxes are imposed: —

Inheritances to surviving spouse, lineal ancestors, lineal descendants, adopted child or children or their lineal descendants, wife or widow of a son, or husband of a daughter	exempt
Inheritances to brothers and sisters of decedent —	
Under $5000	exempt
On excess over $5000 —	
On the first $25,000	3%
On the second $25,000	5%
On the next $50,000	7½%
On the next $400,000	10%
On all over $500,000	12½%
Inheritances to all other relatives and strangers —	
On the first $25,000	5%
On the next $25,000	7½%
On the next $50,000	10%
On the next $400,000	12½%
On all over $500,000	15%

No tax is imposed on any interest valued at less than $200 after exemptions are allowed.

[1] St. 1915, c. 357.

It will be noted that this is a true progressive tax to which little constitutional objection can be made, as the higher rate is in each case imposed only on the excess over the amounts stated.[1]

Kansas is collecting the tax on stock of domestic corporations owned by non-residents, except that, where shares are held by a domestic railroad company, which corporation is also incorporated in another State, the tax is divided according to the mileage of the railroad in the respective States. The law also contains a "ratio provision" similar to that in New Jersey.[2]

The State does not tax stock of foreign corporations simply because they own property in the State. Exemptions are allowed to individual beneficiaries and are deducted from their shares. Real estate in the State belonging to non-residents is taxed.

13. Kentucky

Kentucky adopted a collateral inheritance tax in 1906[3] which remained unchanged till 1916,[4] when the State adopted a modern progressive tax of a drastic nature.

The new progressive rates are as follows: —

Direct inheritances, including husband, wife, lineal issue, lineal ancestor, adopted child —

Not exceeding $25,000	1%
$ 25,000 to $ 50,000	1½%
50,000 to 100,000	2%
100,000 to 500,000	2½%
Exceeding 500,000	3%

[1] It should be noted that the law of 1909, of similar import to that of 1915, has recently been upheld, though attacked as not uniform or equal in rates or exemptions. State *v.* Cline, 91 Kan. 416.

[2] See *post*, p. 64. [3] St. 1906, c. 22, art. 19. [4] St. 1916, c. 26.

Exemptions —
To widow and each minor child, $10,000.
To all others in this class, $5000 each.

To brother, sister, or their descendants, widow of son or husband of daughter —

Not exceeding $25,000	1½%
$ 25,000 to $ 50,000	2¼%
50,000 to 100,000	3%
100,000 to 500,000	3¾%
Exceeding 500,000	4½%

Exemption, $2000.

To brother or sister of father or mother or descendant of such brother or sister —

Not exceeding $25,000	3%
$ 25,000 to $ 50,000	4½%
50,000 to 100,000	6%
100,000 to 500,000	7½%
Exceeding 500,000	9%

Exemption, $1500.

To brother or sister of grandfather or grandmother or descendant of such brother or sister —

Not exceeding $25,000	4%
$ 25,000 to $ 50,000	6%
50,000 to 100,000	8%
100,000 to 500,000	10%
Exceeding 500,000	12%

Exemption, $1000.

To other relatives or strangers —

Not exceeding $25,000	5%
$ 25,000 to $ 50,000	7½%
50,000 to 100,000	10%
100,000 to 500,000	12½%
Exceeding 500,000	15%

Exemption, $500.

The progressive rates are imposed only on the excess above the sum taxed at the next lower rate and the exemptions are deducted from the first $25,000.

The tax is being levied on stock in a Kentucky corporation owned by a non-resident.[1] So, where a Kentucky trust company holds property of a non-resident as trustee to hold and manage for her during her life, the tax is due,[2] but not simply because the estate of a non-resident is administered by an executor who is a resident of Kentucky.[3]

The Attorney-General advises us, under date of February 17, 1917, that he is "inclined to the opinion" that the new law of 1916 covers bonds of non-residents issued by Kentucky corporations although there has been no decision as yet.

14. Louisiana

EXEMPTS PROPERTY THAT HAS BORNE ITS SHARE OF TAXATION — FORMERLY DISCRIMINATED AGAINST ALIENS

Five States — California, Louisiana, Iowa, North Dakota, and Washington — have at some time discriminated severely against non-resident aliens. Such tax has been repealed in California, Louisiana, and Washington; the attempt to revive it in Louisiana has been found invalid; and it still stands only in Iowa and North Dakota.

Louisiana was the second State to tax inheritances. This was in the form of a tax of ten per cent imposed on estates passing to non-resident aliens, which was enacted in 1828.[4] This remained in force until 1877 and an attempt to revive it in 1894 was declared void.[5]

1 The former law was held not to apply to this case. Comm. *v.* Southern Pacific Ry., 150 Ky. 97.
2 Barclay *v.* Comm., 156 Ky. 455.
3 Comm. *v.* Peebles, 134 Ky. 121.
4 Acts 1828, No. 95, §§ 1, 2.
5 Succession of Sala, 50 La. An. 1009.

Its constitutionality was sustained in the Supreme Court of the United States, which held that as a State has the power to forbid an alien to take any property whatever situated within its limits, it may impose any tax it chooses as a condition to allowing an alien to succeed to property.[1] The Supreme Court of the United States also held that the statute did not conflict with a treaty with Württemberg which had evidently been intended to secure equal treatment for aliens and residents.[2] Yet the Louisiana Supreme Court decided that the statute conflicted with a similar treaty with France and so could not apply to French citizens.[3]

The constitution of 1898 authorizes a direct inheritance tax of not over three per cent with a minimum exemption of $10,000, and a collateral inheritance tax of not over ten per cent.[4]

The next article of the constitution is as follows: "The tax provided for in the preceding article shall not be enforced when the property donated or inherited shall have borne its just proportion of taxes prior to the time of such donation or inheritance." [5] It is a stock argument in defence of an inheritance tax that it reaches much property that has escaped taxation during the owner's lifetime, without considering that it equally reaches property that has not escaped. Louisiana, by exempting property that has borne its proper burden, is the only State in the country that is honest in this respect.[6] One

1 Mager *v.* Grima, 8 How. 490.
2 Frederickson *v.* Louisiana, 23 How. 445.
3 Succession of Dufour, 10 La. An. 391.
4 La. Const., Art. 235.
5 La. Const., Art. 236.
6 But see Succession of Kohn, 115 La. An. 71, holding that the taxation of corporate stock franchises and property is not a taxation of the shares held by individual shareholders, and therefore these

result of this provision is that no inheritance tax is figured on real estate on which the local annual taxes have been paid.

The present law was adopted in 1904, and modified in 1906, 1912, and 1914. The amendment of 1912 classified the surviving husband or wife of the decedent with direct descendants.[1]

The following taxes are imposed:[2] —

Direct inheritances, including those to direct descendants and direct ascendants and surviving husband or wife	2%
Exemption, $10,000.	
Collateral inheritances, including collateral relations and strangers	5%
No exemption.	

The exemption applies to the individual shares, not to the estate as a whole, but if the share exceeds the exemption it is subject to the tax, not only for the excess, but on the whole amount.

An amendment to the constitution authorizing a progressive tax was rejected by the voters in 1912.[3]

We are informed that Louisiana is taxing stock of a Louisiana corporation owned by a non-resident and also stock of foreign corporations owning property in Louisiana. The statute provides that no bank having money or securities shall turn them over, and no corporation, the stock or registered bonds of which are owned by the deceased, shall deliver or transfer the same to any heir until the tax is paid.[4]

shares are not exempt from the operation of the inheritance tax law of 1904.

[1] St. 1912, c. 42.

[2] St. 1904, c. 45; St. 1906, c. 109; St. 1912, c. 42.

[3] St. 1912, c. 12, Extra Session, Art. III, 7.

[4] St. 1914, c. 301.

15. Maine

Maine began to tax collateral inheritances in 1893[1] and direct inheritances in 1909.[2] The following taxes are now imposed:[3] —

Direct inheritances —	
Inheritances to husband, wife, father, mother, child, adopted child or adoptive parent —	
Not exceeding $50,000	1%
$50,000 to $100,000	1½%
Over $100,000	2%
Exemption, $10,000.	
Inheritances to lineal ancestor (except parents), lineal descendant (except children), wife or widow of son, husband of daughter —	
Under $50,000	1%
$50,000 to $100,000	1½%
Over $100,000	2%
Exemption, $500.	
Collateral inheritances —	
Inheritances to brother, sister, uncle, aunt, nephew, niece, cousin —	
Not exceeding $50,000	4%
$50,000 to $100,000	4½%
Over $100,000	5%
Exemption, $500.	
All other inheritances —	
Not exceeding $50,000	5%
$50,000 to $100,000	6%
Over $100,000	7%
Exemption, $500.	

Exemptions apply to each individual inheritance and not to the estate as a whole.[4] Probate Courts have charge of inheritance tax matters.

[1] St. 1893, c. 146.

[2] St. 1909, c. 186, 187.

[3] Rev. St., c. 8, §§ 69–97, as amended by St. 1905, c. 124; St. 1909, c. 186, 187; St. 1911, c. 163; St. 1913, c. 128, 190.

[4] State v. Hamlin, 86 Me. 495.

Former uncertainties in the interpretation of the law seem to have been cured by recent legislation[1] which provides clearly that the tax is levied only on the excess over the exemption in each case and that the progressive rate is placed on the whole inheritance. There was formerly some question whether in large inheritances the progressive rate was assessed only on the excess over the minimum figure or on the whole inheritance.

Maine has taken an advanced position in trying to avoid double taxation. Property of a resident situated outside the State, if taxed by another State or country, is taxed in Maine only for the difference if the Maine tax is the greater.[2] Property of a non-resident within the jurisdiction of Maine, if subject to a tax in his home State or country, pays to Maine only so much as the Maine tax may be in excess of the tax in the place of residence.

Maine is taxing stock of Maine corporations owned by non-residents, and the corporation is responsible for the tax, except that under the provisions of a recent reciprocity amendment[3] any personal property in Maine of a non-resident is free of tax if the non-resident lived in a State which assesses no inheritance tax on personal property of Maine decedents.

The tax may be levied although the certificate itself is actually outside the State at the time of death. Maine protects its popularity as a State for the incorporation of business corporations by non-residents by providing that stock of a non-resident decedent in a Maine corporation is not taxable unless the corporation has tangible property in Maine exceeding one thousand dollars in value.

[1] St. 1911, c. 163. [2] § 89. [3] St. 1913, c. 190.

Exemptions of non-residents are only that proportion of the whole exempted amounts as the amount of the estate of the non-resident in the State bears to the total value of his estate.[1]

Stock of a non-resident in railroad or street railway, telegraph, or telephone companies incorporated in Maine and also in some other State or country (Boston and Maine Railroad, for example) is assessed only on such portion of its value as is proportional to that portion of the company's lines lying within the State. Real estate in Maine of a non-resident decedent is subject to assessment.

16. Maryland

Maryland adopted a collateral inheritance tax in 1844.[2] The present tax is on collateral inheritances only, the rate is uniformly five per cent, with an exemption of $500, which applies to the estate as a whole, not to individual shares. No tax is levied on an inheritance to father, mother, husband, wife, child, or lineal descendant.[3]

It would seem that Maryland formerly attempted to tax shares of Maryland corporations owned by non-residents, but they are not now considered taxable. Securities of a non-resident deposited in Maryland for safe-keeping are taxable,[4] as are also bequests to charitable corporations.[5] Executors or administrators of non-residents must give four weeks' notice by adver-

[1] St. 1913, c. 190. For discussion of similar provisions and their validity see *ante*, p. 12.
[2] St. 1844, c. 237, upheld in Tyson *v.* State, 28 Md. 577.
[3] Code of 1910, Art. 81, § 120 *et seq.*
[4] State *v.* Dalrymple, 70 Md. 294.
[5] Washington County Hospital *v.* Mealey, 121 Md. 274.

tising before transferring stock.[1] The executors' and administrators' commissions are also taxed. Real estate of a non-resident in Maryland is taxable.

17. Massachusetts

A STATE WHICH FAVORS NON-RESIDENTS

Massachusetts first adopted a collateral inheritance tax in 1891 [2] and a direct inheritance tax in 1907.[3] It seems to be the custom to change the law annually,[4] the last amendment being in 1916.[5] The main new feature of the law is the extension of the tax over interests accruing by survivorship in any form of joint ownership to which the decedent contributed.

The new rates are as follows: —

To husband, wife, parent, child, grandchild, adopted child or adoptive parent —

Not exceeding $25,000	1%
$ 25,000 to $ 50,000	2%
50,000 to 250,000	4%
250,000 to 1,000,000	5%
Exceeding 1,000,000	6%

Exemption, to husband, wife, parent, child, adopted child, adoptive parent, $10,000. To all others, $1000.

To lineal ancestor or descendant not included in above class, a wife or widow of a son, husband of a daughter, lineal descendant of adopted child or lineal ancestor of adoptive parent —

[1] Code of 1910, Art. 93, §§ 78, 79.

[2] St. 1891, c. 425, upheld in Minot *v.* Winthrop, 162 Mass. 113; Crocker *v.* Shaw, 174 Mass. 266.

[3] St. 1907, c. 563.

[4] See, for example, St. 1909, c. 490, pt. 4; St. 1911, c. 502, 551; St. 1912, c. 678; St. 1913, c. 498, 689; St. 1914, c. 462, 563; St. 1915, c. 64, 152.

[5] St. 1916, c. 268, increasing previous rates.

Not exceeding $10,000	1%
$ 10,000 to $ 25,000	2%
25,000 to 50,000	4%
50,000 to 250,000	5%
250,000 to 1,000,000	6%
Exceeding 1,000,000	7%

Exemption, $1000.

To brother, sister, stepchild, stepparent, half brother, half sister, nephew, or niece —

Not exceeding $10,000	3%
$ 10,000 to $ 25,000	5%
25,000 to 50,000	7%
50,000 to 250,000	8%
250,000 to 1,000,000	9%
Exceeding 1,000,000	10%

Exemption, $1000.

To all others —

Not exceeding $10,000	5%
$ 10,000 to $ 25,000	6%
25,000 to 50,000	7%
50,000 to 250,000	8%
250,000 to 1,000,000	9%
Exceeding 1,000,000	10%

Exemption, $1000.

Exemptions apply to each individual inheritance and not to the estate as a whole. It should be noted that the tax, where levied, is on the full amount without deducting the exemption. Thus a bequest of $10,000 by a resident to a child would be taxed nothing, a bequest of $20,000 would be taxed $200, one per cent on the full $20,000. But the tax must not reduce the inheritance below the exempted figure, so an inheritance of $10,001 would pay only $1.[1]

[1] See Davis *v.* Stevens, 208 Mass. 343; Callahan *v.* Woodbridge, 171 Mass. 595; Attorney-General *v.* Barney, 211 Mass. 134.

The tax is not claimed on stock of foreign corporations owning property in the State unless such stock is held by the estates of resident decedents, although real estate in Massachusetts, or any interest therein belonging to a non-resident is subject to the tax.[1] This was accomplished in 1912 by an amendment exempting all personal property of a non-resident. Massachusetts has thus followed the lead of New York in taking the last step to eliminate the evils of double taxation, and has gone beyond New York by relieving from tax tangible as well as intangible personal property of non-residents.

Shares in voluntary associations, such as Massachusetts Gas and Massachusetts Electric, and also shares in local real estate trusts, are treated like stock in Massachusetts corporations,[2] except that the Tax Commissioner claims a tax on shares in local real estate trusts belonging to non-residents, on the ground that under the decisions they constitute interests in real estate.

The tax cannot be collected unless notice of its levy is sent to the representative of the estate of the deceased person,[3] but a decree of distribution of the Probate Court does not free the representative of the estate from liability for the tax.[4]

[1] St. 1912, c. 678. A very learned opinion concerning the application of the former law to the property of non-residents may be found in Bliss *v.* Stevens, 221 Mass. 201. The court holds notes held by a non-resident made by a partnership doing business in Massachusetts and other States to be non-taxable, and registered bonds of the Commonwealth to be taxable except for the reciprocal clause of the old act which it construes. See also Borden *v.* Burrill, 221 Mass. 212, and Clark *v.* Treasurer, 218 Mass. 292.

[2] Peabody *v.* Treasurer, 215 Mass. 129.
A mortgage held by a non-resident on Massachusetts real estate is also taxable. Hawkridge *v.* Burrill, 223 Mass. 134.

[3] Attorney-General *v.* Roche, 219 Mass. 601.

[4] Attorney-General *v.* Rafferty, 209 Mass. 321.

The Tax Commissioner has authority to compound the tax only in case of uncertain contingent interests.

The State reserves the right, in allowing deductions for taxes paid to other States by the estates of residents, to decide whether such taxes were "legally" imposed and has recently refused to allow as a deduction a Michigan tax imposed on the transfer of stock in a Wisconsin corporation, which tax was based solely on the fact that the corporation owned property in the State of Michigan.[1]

The Tax Commissioner was attempting to levy the tax on the transfer of insurance policies, but the Probate Court ruled against this contention and the same result was reached before the Supreme Court.[2]

18. Michigan

Michigan's first inheritance tax law enacted in 1893 was held unconstitutional.[3] The present statute dates from 1899,[4] with important amendments in 1903, 1907, and 1909. An interesting feature is that in the case of direct inheritances, personal property only is taxed.

The following taxes are imposed: [5] —

Direct inheritances, including inheritances to grandparents, parents, husband, wife, child, brother, sister, wife or widow of son, husband of

[1] Welch *v.* Burrill, 223 Mass. 87. The Tax Commissioner is also refusing to recognize the New Jersey taxes as legal deductions in certain cases, especially as to widows.

[2] Tyler *v.* Treasurer (Mass. 1917), 115 N.E. 300.

[3] Chambe *v.* Judge, 100 Michigan, 112.

[4] For constitutionality see Union Trust Co. *v.* Judge, 125 Mich. 487.

[5] P.A. 1899, No. 188; P.A. 1903, No. 195; P.A. 1907, Nos. 155 and 238; P.A. 1909, Nos. 44 and 298; P.A. 1911, Nos. 73 and 265; P.A. 1913, Nos. 17 and 30; P.A. 1915, Nos. 195 and 198.

daughter, adopted or mutually acknowledged child, lineal descendant...................... 1%
Exemptions, real estate, personal property up to $2000; to wife, $5000.

Collateral inheritances, including all other inheritances...................................... 5%
Exemption, $100.

The exemptions apply to individual shares, not to the estate as a whole, but when the share exceeds the exemption the whole share is taxed in case of direct inheritances.

Michigan taxes stock of a Michigan corporation owned by a non-resident wherever held. It taxes registered bonds of a Michigan corporation as well. A person or corporation that transfers or delivers securities or assets of a non-resident before the tax is paid is responsible for the tax.

This provision was recently held not to render a Michigan corporation liable for transfers of its stock held by non-resident decedents,[1] but the law has been amended to render the corporation liable for such transfers.[2]

Michigan taxes stock or bonds of a foreign corporation owned by a non-resident if the certificates are kept in Michigan. Stock belonging to a non-resident of a foreign corporation owning property in the State [3] and real estate in the State, the property of a non-resident, are also taxable.

[1] People *v.* Quincy Mining Co., 143 N.W. 640.
[2] St. 1915, c. 195.
[3] This tax was held illegal in Welch *v.* Burrill, 223 Mass. 87. See *ante*, p. 12.

19. Minnesota

Minnesota has had much difficulty in getting an inheritance tax that would satisfy the courts. Graduated probate fees similar to those in Wisconsin, first adopted in 1875 [1] and extended in 1885,[2] were held unconstitutional.[3] The same fate successively befell the inheritance tax laws of 1897,[4] 1901,[5] and 1902.[6] The act adopted in 1905 [7] survived,[8] but none too easily. A restrictive constitutional amendment adopted in 1894, which the Legislature persisted in disregarding, was supplanted in 1906 [9] by another amendment, which, we are advised by the Attorney-General, leaves no limitation or restriction on the Legislature as to inheritance tax statutes, as it restricts all limitations of authority to property taxes.

The present law was passed in 1911[10] and slightly amended in 1913,[11] and was enacted in response to a demand of the State Tax Commission to differentiate between direct and collateral inheritances. There was some doubt whether such a distinction would be valid in view of the requirement of "uniformity" in the constitution; but the new law has recently been sustained in all respects.[12]

[1] St. 1875, c. 37.
[2] St. 1885, c. 103.
[3] State *v.* Gorman, 40 Minn. 232.
[4] St. 1897, c. 293, declared void in exempting real property and for other reasons in Drew *v.* Tifft, 79 Minn. 175.
[5] St. 1901, c. 255, declared void in State *v.* Bazille, 87 Minn. 500.
[6] St. 1902, c. 3, declared void in State *v.* Harvey, 90 Minn. 180.
[7] St. 1905, c. 288.
[8] State *v.* Bazille, 97 Minn. 11.
[9] St. 1905, c. 168.
[10] St. 1911, c. 209, 372.
[11] St. 1913, c. 455, 565, 574.
[12] State *v.* Probate Court, 150 N.W. 1094. This decision covers a variety of subjects and extends the principles of Blackstone *v.* Miller, 188 U.S. 189, as to the taxable situs of debts due decedent. In this case

The following taxes are imposed: —

To wife or lineal descendant —

Not exceeding $15,000	1%
$15,000 to $ 30,000	1½%
30,000 to 50,000	2%
50,000 to 100,000	2½%
Exceeding 100,000	3%

Exemption, $10,000.

To husband, lineal ancestor or child adopted or acknowledged or his issue —

Not exceeding $15,000	1½%
$15,000 to $ 30,000	2¼%
30,000 to 50,000	3%
50,000 to 100,000	3¾%
Exceeding 100,000	4½%

Exemptions —
To husband, adopted child, or issue, $10,000.
To lineal ancestor, $3000.

To brother or sister or descendant, wife or widow of a son or husband of a daughter —

Not exceeding $15,000	3%
$15,000 to $ 30,000	4½%
30,000 to 50,000	6%
50,000 to 100,000	7½%
Exceeding 100,000	9%

Exemption, $1000.

To brother or sister of father or mother or descendant —

Not exceeding $15,000	4%
$15,000 to $ 30,000	6%
30,000 to 50,000	8%
50,000 to 100,000	10%
Exceeding 100,000	12%

Exemption, $250.

the relator interposed the constitutional objections upheld in the New Jersey cases of Dixon *v.* Russell, 79 N.J.L. 490, and Neilson *v.* Russell, 76 N.J.L. 655, but the court declined to follow the New Jersey precedents.

To all other relatives or strangers (except charities) —

Not exceeding $15,000	5%
$15,000 to $ 30,000	7½%
30,000 to 50,000	10%
50,000 to 100,000	12½%
Exceeding 100,000	15%

Exemption, $100.

To educational or charitable institutions —

Not exceeding $15,000	2%
$15,000 to $ 30,000	3%
30,000 to 50,000	4%
50,000 to 100,000	5%
Exceeding 100,000	6%

Exemption, $2500.

The exemption is given in each case to the individual beneficiary.

Non-residents fare as badly as in most States. The stock in domestic corporations owned by the estates of non-residents is subject to the tax,[1] and even the exercise by a resident of a power of appointment created by the will of a non-resident concerning property outside the State is taxable.[2] So debts owed by residents to the estates of non-residents are taxable,[3] but mortgage bonds of a Minnesota railroad corporation owned by a non-resident decedent passing to non-residents are not taxable, although the mortgage covers Minnesota real estate.[4]

The State authorities have recently begun to tax trust certificates, such as Great Northern Ore certificates, in the same class as shares of stock. The question is now

[1] State *v.* Probate Court, 150 N.W. 1094.
[2] State *v.* Probate Court, 124 Minn. 508.
[3] State *v.* Probate Court, 128 Minn. 371.
[4] *In re* Ward's Estate, 157 N.W. 1076.

being litigated in a case which will probably be decided during the spring of 1917.

A reciprocal provision favoring non-residents, passed in 1911, was repealed in 1913. The State does not, however, go so far as to tax transfers of stock in foreign corporations belonging to non-residents simply on the ground that it owns property and does business in the State. Real estate in the State belonging to a non-resident is taxable.

A non-resident executor is required to file an affidavit attaching a copy of the will and details of all property in the State, the total valuation of all real and personal property of the decedent, and details of the beneficiaries.

The new act contains the provision, which has recently become very popular, forbidding safe-deposit or other companies holding securities or assets of a decedent to deliver them until notice of the time and place of the intended transfer has been served on the Attorney-General. Corporations transferring their stock without the assent of the State authorities are liable for the tax.

20. Missouri

Missouri's first attempt at a collateral inheritance tax in 1895 was held unconstitutional.[1] A second attempt in 1899 fared better.[2]

Collateral inheritances only are taxed. The rate is uniformly five per cent and there is no amount exempted. The inheritances exempt are those to father, mother, husband, wife, lineal descendant, and adopted child.[3]

An interesting detail is that the proceeds of the tax are

[1] State *v.* Switzler, 143 Mo. 287.
[2] State *v.* Henderson, 160 Mo. 190.
[3] Rev. Stat. 1909, c. 2, Art. 14, §§ 309–331. See St. 1915, pp. 92, 93.

devoted to the support of the University of Missouri, providing a sort of compulsory bequest for higher education from every estate.

Missouri taxes stock of a Missouri corporation owned by a non-resident; but does not claim a tax on the stock owned by non-residents in foreign corporations simply because the corporations own property in the State, although the State does tax real estate in the State belonging to non-residents, and it apparently taxes stock of a foreign corporation owned by a non-resident if the stock certificate is kept in Missouri. A debt due from a resident to the estate of a non-resident is subject to the tax.[1]

The court in an early opinion[2] seems to have disapproved of the progressive rate, so it is doubtful if any legislation in that direction would be upheld until the Missouri constitution is changed.

21. Montana

Montana's inheritance tax was adopted in 1897,[3] and was a close copy of the New York act of 1885. The statute is peculiar in that direct descendants are not assessed on real estate, while collaterals are, although the act is so poorly framed that it took a decision of the Supreme Court to establish this.[4]

A widow's allowance is not taxable.[5] The tax is upheld as being on the right to receive and not on the estate.[6]

[1] State *v.* Bunce, 187 Mo. App. 607.
[2] State *v.* Switzler, 143 Mo. 287.
[3] St. 1897, p. 83, now Rev. Code of 1907, §§ 7724–7751. For constitutionality see Gelsthorpe *v.* Furnell, 20 Mont. 299.
[4] Hinds *v.* Wilcox, 22 Mont. 4.
[5] *In re* Blackburn's Estate, 152 Pac. 31.
[6] *In re* Blackburn's Estate, 152 Pac. 31.

The following taxes are imposed: —

On personal property of father, mother, husband, wife, child, brother, sister, wife, or widow of a son or husband of a daughter, adopted or mutually acknowledged child or lineal descendant........	1%
Exemption, $7500.	
On real and personal property of all other beneficiaries....................................	5%
Exemption, $500.	

The exemptions apply to the estate as a whole, not to the individual share, and if the total value of the estate is above the exemption, none of the exemptions apply.[1]

Montana is collecting the tax on stock in Montana corporations owned by non-residents, but not on a non-resident's stock in foreign corporations owning property in the State. The tax is claimed on real estate in Montana belonging to non-residents.

The representative of the estate of a non-resident must file an affidavit showing details of stock and other personal property in the State and the total value of the assets and debts, but need not file a complete inventory of the estate.

22. Nebraska

Nebraska enacted its inheritance tax in 1901.[2] The following taxes are imposed:[3] —

Direct inheritances, including those to father, mother, husband, wife, child, brother, sister,

[1] See State *v.* District Court, 41 Mont. 357.
[2] For constitutionality see State *v.* Vinsonhaler, 74 Neb. 675.
[3] Compiled Stats. (1905) c. 77, Art. VIII, §§ 5176 to 5196, as amended by St. 1907, c. 103, 104; St. 1911, c. 107; St. 1913, c. 14, 48; St. 1915, c. 113.

wife or widow of son, husband of daughter, adopted or acknowledged child, lineal descendant —

Under $10,000..........................	exempt
Excess over $10,000......................	1%

Collateral inheritances —

Inheritances to uncle, aunt, niece, nephew and lineal descendant of same —

Under $2000..........................	exempt
Excess over $2000........................	2%

All other inheritances —

Under $5000..............................	2%
$ 5,000 to $10,000........................	3%
10,000 to 20,000........................	4%
20,000 to 50,000........................	5%
Over $50,000............................	6%
Exemption, $500.	

The exemptions apply to each individual share rather than to the estate as a whole, though the language creating the $500 exemption is ambiguous.[1] The statutory interests of husband and wife are exempt.[2]

It is a fair construction of the statute that stock in a Nebraska corporation owned by a non-resident is subject to the tax, especially as there is a provision holding the corporation responsible if it transfers stock for a foreign executor before the tax is paid, if it has knowledge that the stock is subject to tax. The tax authorities are not collecting a tax on such stock at present if the certificate is kept outside the State.

The office of the Attorney-General suggests[3] that no court has jurisdiction to assess an inheritance tax except

[1] See State *v.* Vinsonhaler, 74 Neb. 675.
[2] *In re* Strahan's Estate, 142 N.W. 678; *In re* Sanford's Estate, 91 Neb. 752.
[3] Under date of February 2, 1917.

the County Court of the residence of the decedent or the County Court of the county in which he left real estate, and therefore an inheritance tax might be levied on stock in a Nebraska corporation belonging to a non-resident only if he left real estate in the State to give the County Court jurisdiction.

23. Nevada

Nevada first enacted an inheritance tax in 1913 [1] with high progressive rates.

The following taxes are imposed: —

To husband, wife, lineal issue or lineal ancestor, or child adopted or mutually acknowledged or its lineal issue —

Not exceeding $25,000	1%
$ 25,000 to $ 50,000	2%
50,000 to 100,000	3%
100,000 to 500,000	4%
Exceeding 500,000	5%

Exemptions: To widow or minor child, $20,000; all others in this class, $10,000.

To brother or sister or descendant of brother or sister, wife or widow of son or husband of daughter —

Not exceeding $25,000	2%
$ 25,000 to $ 50,000	4%
50,000 to 100,000	6%
100,000 to 500,000	8%
Exceeding 500,000	10%

Exemption, $10,000.

To brother or sister of father or mother or descendant of such brother or sister —

Not exceeding $25,000	3%
$25,000 to $ 50,000	6%
50,000 to 100,000	9%

[1] St. 1913, c. 266.

$100,000 to $500,000	12%
Exceeding 500,000	15%

Exemption, $5000.

To brother or sister of grandfather or grandmother or descendant of such brother or sister —

Not exceeding $25,000	4%
$ 25,000 to $ 50,000	8%
50,000 to 100,000	12%
100,000 to 500,000	16%
Exceeding 500,000	20%

No exemption.

To all others —

Not exceeding $25,000	5%
$ 25,000 to $ 50,000	10%
50,000 to 100,000	15%
100,000 to 500,000	20%
Exceeding 500,000	25%

No exemption.

The exemptions are figured by the tax authorities on the whole estate, although it would seem at least doubtful whether they should not be reckoned on the share of each beneficiary. There is as yet no authoritative decision on the point.

The transfer of stock in a Nevada corporation belonging to a non-resident is taxed, as is stock in a foreign corporation owning property in the State when the stock belongs to a non-resident.[1] Real estate in the State belonging to a non-resident is also subject to tax.

24. New Hampshire

A RECENT CONVERT TO TAX REFORM

New Hampshire's first inheritance tax, one per cent on collateral inheritances, enacted in 1878, was held unconstitutional in 1882.[2]

[1] As to validity of such tax, see *ante* p. 12.
[2] Curry *v.* Spencer, 61 N.H. 624.

An amendment to the constitution in 1903 paved the way for the present collateral inheritance tax enacted in 1905,[1] and amended in 1909,[2] 1911,[3] and 1915.[4] This last amendment has placed the State in line with the cause of fairness in taxation by doing away entirely with the taxation of personal property of non-residents.

The tax includes property passing by will made in pursuance of contract as well as gratuitous bequests.[5]

The law formerly provided for the proportionate taxing of shares of stock of non-resident decedents of railroad, telegraph, and telephone companies incorporated in both New Hampshire and some other State, but now instead any real estate or interest therein of non-residents is taxed, and the effect of the new law is to abolish inheritance taxation on the stock and bonds of domestic corporations held by non-residents. The new law provides that real estate in New Hampshire of a non-resident decedent may be transferred on adjustment of the tax with the State treasurer without the trouble and expense of ancillary administration. This is an example which might well be followed in some of our Western States.

The future development of inheritance taxes in New Hampshire has been left in an uncertain condition by its Supreme Court, which in 1911 was asked its opinion of the validity of certain proposed legislation. The court replied that the inheritance tax need not be proportional and that classification by relationship would be proper,

[1] The act of 1905, c. 40, was upheld in Thompson *v.* Kidder, 74 N.H. 89.

[2] St. 1909, c. 104.

[3] St. 1911, c. 42.

[4] St. 1915, c. 106. Other minor amendments were also made in 1907.

[5] Carter *v.* Craig, 90 Atl. 598.

but as to the validity of progressive rates the court was divided and declined to express any opinion.[1]

The tax is on collateral inheritances only, the rate is uniformly five per cent, and no amount is exempt. No tax is levied on an inheritance to father, mother, husband, wife, lineal descendant, brother, sister, adopted child, lineal descendant of adopted child, wife or widow of son, husband of daughter.

It is the practice to require a complete inventory of a non-resident's estate.

25. New Jersey

TAXES ALL INHERITANCES — A TRADE WITH INFORMERS

New Jersey had a collateral inheritance tax from 1892[2] to 1914 when direct inheritances were first taxed and a moderate progressive rate imposed.

The following taxes are now collected:[3] —

To husband, wife, child or issue of child, adopted child or his issue or mutually acknowledged child —

Not exceeding $5000	exempt
$ 5,000 to $ 50,000	1%
50,000 to 150,000	1½%
150,000 to 250,000	2%
Over $250,000	3%

To father, mother, brother, sister, wife or widow of a son or husband of a daughter —

Not exceeding $5000	exempt
$5000 to $50,000	2%

[1] Opinion of Justices, 79 Atl. 490.

[2] St. 1892, c. 122.

[3] St. 1914, c. 151, upheld in Howell *v.* Edwards, 96 Atl. 186. The progressive rates in the act of 1914 were construed in Torrance *v.* Edwards, 99 Atl. 136.

$ 50,000 to $150,000	2½%
150,000 to 250,000	3%
Over $250,000	4%

All others except domestic charities and public institutions are taxed at the uniform rate of five per cent on amounts exceeding $500.

Exemptions are figured on the individual share of each beneficiary.

In 1908 the Court of Appeals of New Jersey decided that under the law of 1894 stock in a New Jersey corporation belonging to a testator domiciled in a foreign country was not taxable.[1]

Under the present law New Jersey is taxing stock in a New Jersey corporation owned by a non-resident. A corporation which transfers such stock without permission from the Comptroller is responsible for the tax and subject to a penalty as well. An appeal from a decision[2] of the Supreme Court upholding this tax under the present law is now pending, and the attorneys acting for the taxpayer are so confident of success that we suggest that the tax be paid under protest or that payment be delayed until the decision is rendered. The ground of attack is that the ratio provision covering exemptions lacks uniformity.[3] In such a case the tax on the portion of the estate in New Jersey is that proportion of the tax which the estate would have had to pay if the deceased had been a resident of New Jersey which the New Jersey portion of the estate bears to the entire estate.[4]

[1] Neilson *v.* Russell, 76 N.J. L. 655.
[2] Maxwell *v.* Edwards, 99 Atl. 138. See Senff *v.* Edwards, 88 Atl. 1026; Hopper *v.* Edwards, 96 Atl. 667.
[3] See further, *ante*, p. 12.
[4] See St. 1915, c. 392. The Massachusetts tax commissioner is objecting to the New Jersey method of apportioning the tax and is

The effect of the present law is that the only property of non-residents subject to tax is real estate and tangible personal property in the State and stock of domestic corporations.

No tax is laid on the transfer of stock of foreign corporations owning property in the State when the decedent is a non-resident, although New Jersey real estate owned by non-resident decedents is subject to the tax.

Bonds and mortgages belonging to a non-resident covering New York real estate were held taxable in a recent case where they were physically in New Jersey at the death of the owner.[1] The State does not, however, claim a tax on registered bonds issued by a New Jersey corporation owned by a non-resident decedent. Stocks pledged by the testator are not taxable.[2]

The act of 1914[3] imposed the duty on banks and safe-deposit companies of giving the Attorney-General ten days' notice before transferring securities to the executors of a decedent. The period in which a discount is allowed for prompt payment was also reduced from one year to six months.[4]

An amendment in 1914,[5] designed to facilitate the transfer of stock, provided that the Comptroller might issue a waiver on receipt of five per cent of the value of the stock or property of the non-resident, and should then refund any sum later found to be in excess of the tax.

If the entire estate of a non-resident passes to exempt

refusing to allow the full tax paid as a deduction in some cases, especially as to widows.

[1] Hopper *v.* Edwards, 96 Atl. 667.
[2] Security Trust Co. *v.* Edwards, 99 Atl. 133.
[3] St. 1914, c. 151. See St. 1915, c. 392.
[4] St. 1915, c. 331.
[5] St. 1914, c. 58.

heirs, the executor or administrator must file with the Comptroller a copy of the will, if any, and an affidavit setting forth the names and relationship of the beneficiaries, whereupon a waiver will be issued permitting any New Jersey stock to be transferred.

If any portion of a non-resident's estate goes to other than exempt heirs, it is necessary to file in addition a complete inventory of the estate, and details of debts and expenses of administration.

The Comptroller is authorized to make an arrangement to pay a percentage of the tax that may be collected to any person giving information about estates of residents that have not taken out administration within one year after the date of death, and estates of non-residents that have any property taxable in the State if the tax is not paid within three months after the death. We know of no other State which has entered into such a partnership with informers.

An important principle has recently been laid down by New Jersey's highest court, that where a legatee dies before transfer of stock bequeathed no inheritance tax can be laid on his estate, as it had no interest in the stock before transfer.[1] If this decision, that only one transfer tax can be levied on each transfer, is followed in other States it will often prevent the injustice of successive taxes on the same stock where members of a family die in quick succession, especially if the executor of the first beneficiary is not too hasty in asking for transfer.

[1] Miller *v.* Edwards, 89 Atl. 987.

26. New York

A STATE WHICH HAS RECENTLY MODIFIED ITS EXTREME POSITION

New York has had a collateral inheritance tax since 1885,[1] a direct inheritance tax on personal property since 1891[2] and on real estate since 1903.[3] Until 1910 the rate was one per cent on direct inheritances, and five per cent on collateral inheritances. In that year the State passed a drastic progressive tax running up to twenty-five per cent and bearing heavily on non-residents.[4] The law had an immediate effect, according to the State Comptroller, in causing wealthy men to take up their residence in other States and in diverting investors from stock in New York corporations. As the result of a strong protest from various interests and a message from the Governor the law was repealed in 1911[5] and replaced by an eminently fair statute which stood until 1916,[6] when new acts were passed increasing the rates to some extent.

The following taxes are imposed:[7] —

To father, mother, husband, wife, child or adopted child —	
Not exceeding $25,000	1%
$25,000 to $100,000	2%

[1] St. 1885, c. 483.
[2] St. 1891, c. 215.
[3] St. 1903, c. 41. As to the constitutionality of the New York acts see Matter of McPherson, 104 N.Y. 306; Matter of Keeney, 194 N.Y. 281; Orr *v.* Gilman, 183 U.S. 278; Beers *v.* Glynn, 211 U.S. 477.
[4] St. 1910, c. 706.
[5] St. 1911, c. 732.
[6] St. 1916, c. 548, in effect May 15, 1916. The tax is on the right of succession and not on property. *In re* Terry, 218 N.Y. 218.
[7] St. 1916, c. 548, in effect May 15, 1916. Only the property in excess of the primary limit is taxed at the secondary rate. *In re* Jourdon's Estate, 135 N.Y.S. 172, 151 App. Div. 8. As to the

$100,000 to $200,000	3%
Exceeding 200,000	4%
Exemption, $5000.	

The same rates as above are imposed on other lineal descendants with an exemption of $500.

To brother, sister, wife or widow of son or husband of daughter or to mutually acknowledged child —

Not exceeding $25,000	2%
$ 25,000 to $100,000	3%
100,000 to 200,000	4%
Exceeding 200,000	5%
Exemption, $500.	

To all others —

Not exceeding $25,000	5%
$ 25,000 to $100,000	6%
100,000 to 200,000	7%
Exceeding 200,000	8%
Exemption, $500.	

Real estate in the State belonging to non-residents is taxable if its value exceeds the exemptions allowed.

In all cases the authorities require an affidavit from the representative of the non-resident showing: —

(1) Name and residence of decedent at time of death, with date of decedent's death.
(2) Shares of stock of various New York corporations owned by the decedent; also shares of stock of corporations having a transfer office in this State.
(3) Bonds, foreign or domestic, physically present within this State at the time of decedent's death.
(4) Bank stock and cash on deposit in any savings bank or other institution in this State.
(5) Real property in this State owned by decedent — giving a brief description of each parcel, and the estimated value thereof.

progressive rate on a widow's bequest see *In re* Elletson's Estate, 136 N.Y.S. 455, 75 Misc. Rep. 582.

(6) Any property, real or personal, or any interest therein other than the above within the State of New York, and the values thereof, including interest in co-partnership doing business in this State.
(7) The names and total amount of interest of the persons or corporations receiving any part of decedent's estate or any life estate therein, or annuity; and the relationship of such persons to the decedent — if a corporation, whether foreign or domestic.

If from this affidavit it appears that the estate is exempt, consent to transfer of stock in a New York corporation is immediately forwarded. The simplicity of this procedure should commend itself to lawmakers in those States which require the estates of non-residents to go to all the expense and delay incident to taking out ancillary probate to obtain any transfer no matter how small.

New York is not one of the States that tries to collect a tax on the shares of corporations not organized under its laws, but owning property in the State. In the case of corporations organized under New York laws and the laws of other States as well, — such as Boston & Albany, — the stock is taxed on the proportionate value of the property in New York.[1]

An amendment in 1915[2] provided where a non-resident decedent owns stocks, bonds, notes, or other evidences of an interest in a corporation other than a moneyed corporation or a railway or transportation, public service or manufacturing corporation, that such stock is liable to taxation in the proportion the value of the real estate owned by the corporation in New York or the value of the entire property of a partnership located in New York bears to its whole property wher-

[1] Matter of Cooley, 186 N.Y. 220; Matter of Thayer, 193 N.Y. 430.
[2] St. 1915, c. 664. See St. 1916, c. 323, § 83.

ever situated. This amendment does not alter the spirit of the law, but was passed, as we are informed by the State comptroller, to reach corporations apparently organized to evade the law in respect to real property.

27. North Carolina

North Carolina had a collateral inheritance tax from 1847[1] to 1874. A modest tax was imposed on both direct and collateral inheritances in 1897.[2] In 1901 the rates were substantially increased and made progressive with a maximum of fifteen per cent.[3] This enactment was much more radical than that adopted by any of the States up to that time, but almost duplicated the national inheritance tax of 1898, which was then in force. The law has since been amended lowering the maximum tax to nine per cent and strengthening the administrative features of the tax.[4]

The following taxes are now imposed: —

Direct inheritances, including lineal issue, lineal ancestor, adopted child,[5] husband, wife —

Above exemption up to $25,000	1%
Excess over $ 25,000 and up to $100,000	2%
Excess over 100,000 and up to 250,000	3%
Excess over 250,000 and up to 500,000	4%
Excess over 500,000	5%

Exemptions — widows, $10,000; child under 21, $5000. All other beneficiaries in this class, $2000, provided grandchildren shall be allowed the single exemption of the child they represent.

[1] St. 1847, c. 72. [2] St. 1897, c. 168. [3] St. 1901, c. 9. § 12.
[4] St. 1911, c. 46; St. 1913, c. 201; St. 1915, c. 285, § 6.
[5] As to who is a mutually acknowledged child see *In re* White's Estate, 84 S.E. 360.

Collaterals, including brother or sister or their descendants —

Twenty-five thousand dollars or less	3%
Excess over $ 25,000 and up to $100,000	4%
Excess over 100,000 and up to 250,000	5%
Excess over 250,000 and up to 500,000	6%
Excess over 500,000	7%

No exemption.

All others —

Twenty-five thousand dollars or less	5%
Excess over $ 25,000 and up to $100,000	6%
Excess over 100,000 and up to 250,000	7%
Excess over 250,000 and up to 500,000	8%
Excess over 500,000	9%

No exemption.

The exemption applies to each individual share and not to the estate as a whole.

North Carolina taxes stock in a North Carolina corporation owned by a non-resident. It holds the corporation responsible if it permits the transfer of such stock before the tax is paid. The statute applies to the transfer by the corporation of bonds as well, and a tax is being collected on bonds of North Carolina corporations owned by non-residents. The tax is not claimed on stock of foreign corporations owning property in the State, but does apply to either real or personal property situated in the State and belonging to non-residents.[1]

28. North Dakota

North Dakota adopted a collateral inheritance tax in 1903,[2] which in 1913 [3] was extended to direct inheritances. The new act is at a progressive rate and classifies

[1] Norris *v.* Durfey, 84 S.E. 687.
[2] St. 1903, c. 171.
[3] St. 1913, c. 185. See Malin *v.* La Moure County, 145 N.W. 582.

the various degrees of relationship more minutely than does any other State. The authors of the bill seem in fact to have taken so much pains with this feature that they omitted entirely transfers to strangers in blood of the decedent, although the State Tax Commission is collecting tax on such transfers.

A specially heavy rate of twenty-five per cent is imposed on aliens, which provision is, to say the least, of doubtful validity and certainly could not be enforced against the citizens of countries having treaty rights to equality of taxation.[1]

The following taxes are imposed: —

Direct inheritances, to husband or wife, father, mother, lineal descendant, adopted child or his lineal descendant —

Not exceeding $100,000	1%
$100,000 to $250,000	2%
250,000 to 500,000	2½%
Over $500,000	3%

Exemptions —
To husband or wife, $20,000.
To others in this class, $10,000.

Collateral inheritances, to brother or sister, wife or widow of a son, or husband of a daughter of decedent —

Not exceeding $25,000	1½%
$ 25,000 to $ 50,000	2¼%
50,000 to 100,000	3%
100,000 to 500,000	3¾%
Over $500,000	4½%

Exemption, $500.

[1] See Blakemore and Bancroft on Inheritance Taxes, § 61. The Secretary of State of the United States has recently ruled that Canada has never accepted the treaty of March 2, 1899, and therefore this alien tax is enforceable against Canadians. This seems fair, as many Canadian acts also discriminate against aliens.

To brother or sister of father or mother or descendant —

Not exceeding $25,000	3%
$ 25,000 to $ 50,000	4½%
50,000 to 100,000	6%
100,000 to 500,000	7½%
Over $500,000	9%

No exemption.

To any other collateral relative or to blood of decedent or body politic or corporate —

Not exceeding $25,000	5%
$ 25,000 to $ 50,000	6%
50,000 to 100,000	9%
100,000 to 500,000	12%
Over $500,000	15%

No exemption.

To aliens or corporations organized outside the United States 25%

The exemptions are based on the individual shares and not on the entire estate.

A local court has recently held that no property of non-residents can be taxed under this law save stocks or bonds of foreign or domestic corporations. This is on account of a curious provision of the act taxing a transfer "of property within the State or its jurisdiction, whether the ownership of or interest in such property be evidenced by certificate of stock or bonds of foreign or domestic corporations and the decedent was a non-resident." North Dakota, therefore, is specially severe on non-residents, taxing their stock in North Dakota corporations and also their stock in foreign corporations which own property in the State.[1]

The new act contains an attempt to protect residents from double taxation by exempting tangible personal

[1] As to the validity of this tax see *ante*, p. 12.

property of a resident decedent when the property is located without the State and has there paid a tax, provided the laws of that State allow a like exemption. This is a curious inversion of the usual reciprocal provision applicable to the property of non-residents.

29. Ohio

Ohio imposed a collateral inheritance tax in 1893.[1] In 1894[2] it was the first State to tax direct inheritances, and was also the first State to adopt rates increasing progressively according to the size of the estate. The act was held unconstitutional in 1895,[3] on account of the progressive feature, and because it was not provided that the exemption ($20,000) should be deducted from all estates exceeding that amount. This decision has not been generally followed in other jurisdictions.

In 1904[4] a uniform tax of two per cent was imposed on direct inheritances with an exemption of $300. This was repealed in 1906.[5]

At present collateral inheritances only are taxed. The rate is uniformly five per cent and the exemption is $500, which applies to the estate as a whole, not to the individual shares. The inheritances which are altogether exempt are those to father, mother, husband, wife, lineal descendant, or adopted child.

A peculiar provision[6] directs that where a life estate or term for years is given to exempt heirs and the remainder to collaterals or strangers the value of the prior estate together with $500 shall be deducted from the appraisal of the property.

[1] St. 1893, p. 14.
[2] St. 1894, p. 166.
[3] State v. Ferris, 53 Ohio St. 314.
[4] St. 1904, p. 398.
[5] St. 1906, p. 229.
[6] St. 1913, p. 463.

Stock in an Ohio corporation owned by a non-resident is not taxed, but Ohio real estate owned by a non-resident is subject to the inheritance tax.

30. Oklahoma

Oklahoma did not wait long after its admission to the Union before adopting an inheritance tax law. This act, passed in 1908,[1] apparently provided for arithmetical progression in the rate of tax according to the value of the share up to one hundred per cent, but the Supreme Court sheared off this feature by some judicious interpretation,[2] whereupon the Legislature passed an entirely new statute[3] with high progressive rates, framed in accordance with the Wisconsin law. The proportional taxation of intangible property of non-residents is effected by defining intangible as tangible property.

It provides for the following taxes: —

Direct inheritances, including father, mother, husband, wife, child, brother, sister, wife or widow of a son, or husband of a daughter, or to adopted or mutually acknowledged child, or to lineal descendant —

Not exceeding $25,000	1%
$25,000 to $ 50,000	2%
50,000 to 100,000	3%
Exceeding 100,000	4%

Exemptions —
To wife, $15,000.
To child, $10,000.
To others in this class, $5000.

[1] St. 1907–08, c. 81, Art 11. Compiled Laws of 1909, Art. XIV, §§ 7712–7737.
[2] McGannon v. State, 33 Okl. 145.
[3] St. 1915, c. 393.

Collateral inheritances and strangers —

Not exceeding $2500	exempt
$ 2500 to $ 25,000	5%
25,000 to 50,000	6%
50,000 to 100,000	8%
Exceeding 100,000	10%

The stock of foreign corporations doing business or owning property in the State is assessed in proportion to its percentage of business in the State. The corporations are liable for the collection of the tax as usual.

Stock in Oklahoma corporations owned by non-residents is of course taxable, and no safe-deposit company, bank, corporation, or person having securities or assets of a decedent can deliver the same, without personal liability, unless first giving ten days' notice to the Attorney-General of the time and place of transfer.

The new act appears to follow the vicious provision of the Michigan law requiring ancillary probate in Oklahoma in order to settle the tax on estates of non-residents. This means various attorneys' and court fees all out of proportion in most cases to the amount involved. It is an entirely unnecessary hardship on the estates of non-residents, but a boon to struggling Oklahoma lawyers. When great States like New Jersey collect annually huge sums without any such procedure, is there any real reason for the requirement in Oklahoma?

31. Oregon

Oregon enacted its inheritance tax in 1903,[1] using the Illinois statute of 1895 as a model. It has since been substantially amended.[2]

[1] St. 1903, p. 49.
[2] St. 1905, c. 178, 309; St. 1909, c. 15, 211. Cf. St. 1915, c. 42, as to lien and limitations.

The following taxes are imposed:[1] —

Direct inheritances, including inheritances to grandparent, parent, husband, wife, child, brother, sister, wife or widow of son, husband of daughter, adopted or acknowledged child, lineal descendant 1%

Exemption, estates less than $10,000 not taxed. Tax is on excess over $5000 to each person.

Collateral inheritances —

Inheritances to uncle, aunt, nephew, niece and their lineal descendants 2%

Exemption, estates less than $5000 are not taxed. Tax is on excess over $2000 to each person.

All other inheritances —

Under $10,000	3%
From $10,000 to $20,000	4%
From 20,000 to 50,000	5%
Over $50,000	6%

Exemption — Tax is levied only when the inheritance exceeds $500; estates less than $500 are not taxed.

Stock in an Oregon corporation owned by a non-resident is subject to the tax, but stock in foreign corporations owned by non-residents is not taxed simply because the corporation owns property in the State. Oregon real estate is subject to the tax, although owned by non-residents. The exemptions are figured on the share of each beneficiary. A corporation is responsible if it transfers any taxable securities for a non-resident before the tax is paid. Every estate is required to file a complete inventory.

[1] St. 1905, c. 178, 309; St. 1909, c. 15, 211. Cf. St. 1915, c. 42, as to lien and limitations.

32. Pennsylvania

THE PIONEER WHOSE INTELLIGENT EXAMPLE HAS FOUND SCANT FOLLOWING

Pennsylvania, the first State to enact an inheritance tax law, is one of the few States which have shown sanity in legislation and interpretation. Direct inheritances and the personal property of non-residents are very properly let alone, and the law has been so construed as to avoid double taxation.

The original law was enacted in Pennsylvania in 1826, and, with very few changes, it is the law to-day. The law was codified in 1887,[1] and slightly amended in 1905 [2] and in 1911.[3]

Collateral inheritances only are taxed. The rate is uniformly five per cent and the exemption is $250. The inheritances not taxed are those to father, mother, husband, wife, child, adopted child,[3] step-child,[4] illegitimate child taking from its mother,[5] lineal descendant, children of former husband or wife,[6] and daughter-in-law. It has been held that inheritances to a grandparent, and a son's widow who has remarried, are taxable.[7]

No attempt is made to tax stock in Pennsylvania corporations owned by a non-resident, and securities kept in the State by a non-resident are not subject to the tax.[8] This has been an important factor in the great growth of the safe-deposit business of the Philadelphia trust companies.

[1] Act of May 6, 1887, P.L. 79.
[2] Act of April 22, 1905, P.L. 258.
[3] St. 1911, p. 112.
[4] Com. *v.* Randall, 225 Pa. 197.
[5] Com. *v.* Mackey, 222 Pa. St. 613, 72 Atl. 250; St. 1901, c. 325.
[6] St. 1905, c. 181.
[7] McDowell *v.* Adams, 45 Pa. 430; Com. *v.* Nancrede, 32 Pa. 389; Com. *v.* Powell, 51 Pa. 438.
[8] Orcutt's Appeal, 97 Pa. 179.

There was a case where a non-resident had an agent in Pennsylvania with very broad powers to buy and sell securities, in which it was held that the securities held by the agent were taxable in Pennsylvania.[1] It was later pointed out that this case must rest on its own peculiar facts and does not affect the general Pennsylvania doctrine that securities of a non-resident, though physically within the State, are not subject to the inheritance tax.[2] This does not apply to tangible personal property within the State.[3] Real estate in Pennsylvania is subject to the tax, although owned or possessed by a non-resident decedent, unless converted into personalty by a direction in the will to sell it,[4] while real estate of a resident not situated in the State is not subject to tax.[5]

It is refreshing to find the courts in at least one State insisting that, if personal property of residents held outside of the State is to be taxed on the theory that personal property follows the domicile of the owner, the logical consequence of the theory is that personal property of non-residents within the State is not taxable.[6] Missouri and Pennsylvania seem to be the only States in this country which maintain the doctrine that the inheritance tax is a tax on property rather than on the transfer.[7]

A direct inheritance tax law passed in 1897, and imposing a uniform tax of two per cent on personal property only, was held unconstitutional.[8]

[1] Lewis's Estate, 203 Pa. 211.
[2] Schoenberger's Estate, 221 Pa. 112.
[3] Small's Appeal, 151 Pa. 1.
[4] Schoenberger's Estate, 221 Pa. 112.
[5] *In re* Marr, 240 Pa. 38; *In re* Crozer's Estate, 97 Atl. 1047, where it is not sold for payment of legacies.
[6] Cf. Coleman's Estate, 159 Pa. 231.
[7] Cf. Blakemore and Bancroft on Inheritance Taxes, § 9.
[8] Cope's Estate, 191 Pa. 1.

It is somewhat interesting to find that the Pennsylvania law — which is moderate in its demands, exempts direct inheritances altogether, and lets non-residents alone — has produced from $1,000,000 to $1,500,000 annually for many years, a much greater sum than the inheritance tax law of any of the other States except New York has been realizing. It may be noted that Pennsylvania has enacted a stock transfer tax which went into effect January 1, 1916.[1]

33. Porto Rico

Porto Rico has had a progressive inheritance tax since 1901 imposed only on real estate in Porto Rico, whether belonging to residents or not, and on personal property of residents.[2]

The following taxes are now imposed: —

To husband and wife, all lineal descendants, whether legitimate or illegitimate —

Not exceeding $5000	1%
$ 5000 to $ 20,000	1½%
20,000 to 50,000	2%
50,000 to 100,000	3%
Exceeding 100,000	4%

Exemptions — To wife, child, grandchild, or adopted child of male decedent, $5000. To all others, $200.

To all others —

Not exceeding $5000	3%
$ 5000 to $ 20,000	4½%
20,000 to 50,000	6%
50,000 to 100,000	9%
Exceeding 100,000	12%

Exemption, $200.

[1] St. 1915, p. 828.
[2] Porto Rico Rev. St. of 1911, §§ 3075–3086; St. 1916, c. 62.

Exemptions are to be deducted from each share in estimating the taxes. The progressive rate is in each case only on the excess above the amount limited at the lower rate.

One peculiar feature of this law is that the commissions or compensation of an executor, administrator, or trustee are treated as a legacy and subject to tax as such.

Taxes are payable to the treasurer.

34. Rhode Island

This State has at last followed its New England neighbors and imposed an inheritance tax with graduated rates, and with two outstanding features, one of which is without precedent. The law imposes two separate taxes — one on the right to transfer and the other on the right to receive. The first is imposed on the estate and the second on the share of the beneficiary. The law also includes the so-called ratio provision in the treatment of the estates of non-residents, which is of doubtful validity.[1] This allows a non-resident only such proportion of the exemption as the value of his real estate in Rhode Island bears to his entire estate wherever located and applies both to the estate tax and to the beneficiary tax.

The tax on non-residents is confined, however, to interests in real estate.

The statute [2] imposes the following rates: —

On the right to transfer the net estate	½%

Exemption, $5000.

On the right to receive —

To grandparent, parent, husband, wife, child, brother, sister, nephew, niece, wife or widow of

[1] See *ante*, p. 12.
[2] St. 1916, c. 1339.

son, husband or widower of daughter, or any child adopted or acknowledged, or any lineal descendant —

Not exceeding $50,000	$\frac{1}{2}$%
$ 50,000 to $ 250,000	1%
250,000 to 500,000	$1\frac{1}{2}$%
500,000 to 750,000	2%
750,000 to 1,000,000	$2\frac{1}{2}$%
Exceeding, 1,000,000	3%

Exemption, $25,000.

To all others —

Not exceeding $50,000	5%
$ 50,000 to $ 250,000	6%
250,000 to 1,000,000	7%
Exceeding 1,000,000	8%

Exemption, $1000.

35. South Dakota

This State first adopted an inheritance tax in 1905,[1] which has been recently upheld.[2] Entirely new acts were passed in 1913 [3] and 1915 [4] embodying the progressive rate and other modern features and very closely following the Minnesota statute.

The following taxes are imposed: —

To wife or lineal issue —

Not exceeding $15,000	1%
$15,000 to $ 30,000	$1\frac{1}{2}$%
30,000 to 50,000	2%
50,000 to 100,000	$2\frac{1}{2}$%
Exceeding 100,000	3%

Exemption, $10,000.

To husband, lineal ancestor, child adopted or acknowledged, or its issue —

Not exceeding $15,000	$1\frac{1}{2}$%
$15,000 to $ 30,000	$2\frac{1}{4}$%

[1] St. 1905, c. 54.
[2] *In re* McKennon, 130 N.W. 33.
[3] St. 1913, c. 243.
[4] St. 1915, c. 217.

$30,000 to $ 50,000	3%
50,000 to 100,000	$3\frac{3}{4}$%
Exceeding 100,000	$4\frac{1}{2}$%

Exemptions — To lineal ancestor $3000.
To all others in above class, $10,000.

To brother or sister or descendant, wife or widow of son or husband of daughter —

Not exceeding $15,000	3%
$15,000 to $ 30,000	$4\frac{1}{2}$%
30,000 to 50,000	6%
50,000 to 100,000	$7\frac{1}{2}$%
Exceeding 100,000	9%

Exemption, $1000.

To brother or sister of father or mother or descendant —

Not exceeding $15,000	4%
$15,000 to $ 30,000	6%
30,000 to 50,000	8%
50,000 to 100,000	10%
Exceeding 100,000	12%

Exemption, $250.

To other relatives or strangers —

Not exceeding $15,000	5%
$15,000 to $ 30,000	$7\frac{1}{2}$%
30,000 to 50,000	10%
50,000 to 100,000	$12\frac{1}{2}$%
Exceeding 100,000	15%

Exemption, $100.

This State is now, under the guidance of its Tax Commission, collecting tax on stock in South Dakota corporations owned by non-resident decedents, and also seems to be taxing bonds issued by domestic corporations held by non-resident decedents.

The application required for transfer provides for the disclosure of the following by non-residents: —

Stock in South Dakota corporations.
Safety-deposit boxes in South Dakota.

Bonds issued by South Dakota debtors.
Mortgages on local real estate.
Money within the State.
Interest in local partnership or association.
Claims or debts due from residents of South Dakota.
Bank deposits in local banks in the name of the decedent, jointly or in trust.
South Dakota real estate.
Property in South Dakota transferred in contemplation of death.

36. Tennessee

Tennessee adopted a collateral inheritance tax in 1891 [1] and extended the tax to direct inheritances in 1909.[2]

The following taxes are imposed: —

Inheritances to parent, husband, wife, child (but not adopted child), lineal descendant —	
Under $10,000	exempt
$10,000 to $20,000	1%
Over $20,000	$1\frac{1}{4}$%
All other inheritances	5%
(Provided that no estate valued at less than $250 shall be subject to tax.)	

The statute is constitutional even in the peculiar provisions as to exemptions.[3] The exemptions and the rates apply to the size of the whole estate and not of the individual share of the beneficiary.

[1] St. 1891, c. 25. See St. 1893, c. 174, which with amendments is still the law.
[2] St. 1909, c. 479. The exemption to direct inheritances was altered from $5000 to $10,000 by St. 1915, c. 83.
As to collection by proceedings within one year see Deen *v.* Crenshaw, 158 S.W. 987.
[3] State *v.* Alston, 94 Tenn. 674.

The taxing authorities are collecting a tax on the transfer of stock in domestic corporations owned by non-residents and the tax applies to any property in the State belonging to non-residents. The tax is now being claimed on bonds issued by Tennessee corporations owned by non-resident decedents.

In appraising the share of an annuitant the annuity tables are not conclusive, but the health, habits, and occupation of the annuitant should be considered.[1]

A statute [2] exempting religious, literary, and charitable corporations was held unconstitutional by the Supreme Court.[3]

37. Texas

Texas adopted a collateral inheritance tax in 1907. Inheritances to father, mother, husband, wife, and direct lineal descendant [4] are exempt.

The following taxes are imposed: [5] —

Inheritances to lineal ancestor (except father or mother), brother or sister and lineal descendant of same —

Under	$ 2000		exempt
Excess over	2000	up to $ 10,000	2%
Excess over	10,000	up to 25,000	$2\frac{1}{2}$%
Excess over	25,000	up to 50,000	3%
Excess over	50,000	up to 100,000	$3\frac{1}{2}$%
Excess over	100,000	up to 500,000	4%
Excess over	500,000		5%

[1] Crenshaw *v.* Knight, 156 S.W. 468.
[2] St. 1903, c. 561. [3] *In re* Speed, unreported.
[4] An adopted child is exempt as a lineal descendant. State *v.* Yturria, 189 S.W. 291.
[5] General Laws of Texas, p. 496; Acts First Called Session, 30th Legislature (1907), c. 21.

Inheritances to uncle or aunt or their lineal descendants —

Under	$ 1000		exempt
Excess over	1000 up to	$ 10,000	3%
Excess over	10,000 up to	25,000	4%
Excess over	25,000 up to	50,000	5%
Excess over	50,000 up to	100,000	6%
Excess over	100,000 up to	500,000	7%
Excess over	500,000		8%

All other inheritances —

Under	$ 500		exempt
Excess over	500 up to	$ 10,000	4%
Excess over	10,000 up to	25,000	5½%
Excess over	25,000 up to	50,000	7%
Excess over	50,000 up to	100,000	8½%
Excess over	100,000 up to	500,000	10%
Excess over	500,000		12%

The exemption applies to each individual share, not to the estate as a whole.

Texas is now claiming a tax on stock of a Texas corporation owned by a non-resident, although there is no provision for collecting such a tax through the corporation, such as is usually found. A tax is claimed on bonds issued by Texas corporations held by non-resident decedents though some corporations will transfer registered bonds without obtaining waivers. An attempt to pass a new law in 1915 failed.

38. Utah

Utah has had an inheritance tax since 1901,[1] amended in 1915 [2] by lowering the rate on small shares. All inheritances are taxed at the same rate.

[1] St. 1901, c. 62, amended by St. 1903, c. 93; St. 1905, c. 119. This act is modelled after the Iowa statute and is constitutional, Dixon *v.* Ricketts, 26 Utah, 215.

[2] St. 1915, c. 98. See also St. 1915, c. 28.

The following taxes are imposed: —

Exemption, $10,000.

$10,000 to $25,000	3%
Exceeding $25,000	5%

The exemption is figured on the amount of the whole estate and not of the individual share,[1] and the progressive rate should be figured in the same way. A widow's interest above her statutory third is subject to tax.[2]

Utah is collecting the tax on the stock of domestic corporations owned by non-residents, but not on stock of a foreign corporation owned by non-residents simply because it owns property in the State. Real estate in the State belonging to non-residents is taxable.

The State does not, we are advised by the Attorney-General, under date of February 21, 1917, "assume to collect an inheritance tax from estates owning registered bonds of Utah corporations, when said bonds were not physically within this State at the time of the death of the owner."

39. Vermont

A STATE WHICH LEADS IN REFORM

Vermont's first collateral inheritance tax was enacted in 1896 [3] and substantially amended in 1904. Its main features are very similar to the New Hampshire statute.

The tax is on collateral inheritances only, the rate is uniformly five per cent, and no amount is exempt. No tax is levied on an inheritance to father, mother, husband, wife, lineal descendant, stepchild, adopted child,

[1] Dixon *v.* Ricketts, 26 Utah, 215.

[2] *In re* Bullen's Estate, 151 Pac. 533.

[3] For constitutionality see Hickok's Estate, 78 Vt. 259.

child of stepchild or of adopted child, wife or widow of son, husband of daughter.[1]

Vermont in 1912 took the last step toward fairness to non-residents by limiting the tax on transfers of personal property to resident decedents.[2] This eliminates the tax on stock in domestic corporations held by non-residents. A reciprocal provision, that the law should not apply to property located in another State or country unless there exists in such other State or country a reciprocal law similar to the Vermont act,[3] was repealed in 1915.[4]

If any inheritance tax has been paid by either a resident or non-resident to any other State or Government, except the United States, on account of the transfer of securities, bank deposits, or other assets, the Vermont tax is limited to an amount sufficient to make the total tax five per cent.

Vermont does not tax the bank deposits of a Vermont resident in another State and this would seem to apply to securities outside the State as well.[5]

40. Virginia

The conservative influence of Pennsylvania has extended to the three neighboring States of Delaware, Maryland, and Virginia. These States do not tax direct inheritances and do not tax stock in corporations organized under their laws that is owned by non-residents.

Virginia adopted a collateral inheritance tax in 1844. Its last legislation was in 1910.[6] The tax is on collateral

[1] Public Stats. c. 38, §§ 821–901, as amended by Acts 1908, No. 31, approved January 28, 1909; St. 1912, c. 60; St. 1915, c. 61.
[2] St. 1912, c. 60.
[3] St. 1912, c. 60, § 5.
[4] St. 1915, c. 61.
[5] Joyslin's Estate, 76 Vt. 88.
[6] Acts 1910, c. 148, amending Acts 1903, c. 148, § 44. For constitu-

inheritances only, the rate is uniformly five per cent, and there is no amount exempted. The tax is not levied on an inheritance to grandparents, parents, husband, wife, brother, sister, or lineal descendant. Stock of Virginia corporations owned by non-residents is not taxable.

41. Washington

Washington adopted an inheritance tax in 1901,[1] with important amendments in 1905 [2] and 1907.[3]

The following taxes are imposed: [4] —

Direct inheritances —	
Including inheritances to father, mother, husband, wife, lineal descendant, adopted child, lineal descendant of adopted child —	
Not exceeding $10,000	exempt
Excess over $10,000	1%
Collateral inheritances —	
Inheritances to collateral heirs to and including the third degree of relationship —	
Not exceeding $50,000	3%
Excess over $ 50,000 up to $100,000	4½%
Excess over 100,000	6%
Inheritances to collateral heirs beyond the third degree, or strangers —	
Not exceeding $50,000	6%
Excess over $ 50,000 up to $100,000	9%
Excess over 100,000	12%

tionality of state inheritance tax see Miller *v.* Com., 27 Gratt. 109, and Eyre *v.* Jacob, 14 Gratt. 422. Right of cities to levy such tax is denied; Peters *v.* Lynchburg, 76 Va. 927; Wytheville *v.* Johnson, 108 Va. 589. The tax on remainders is considered in Com. *v.* Wellford, 76 S.E. 917.

[1] St. 1901, c. 55, held constitutional in State *v.* Clark, 30 Wash. 439. The law applies to testate as well as intestate estates, although the word "inheritances" was used in the title. *In re* White, 42 Wash. 360.
[2] St. 1905, c. 93, 114.
[3] St. 1907, c. 217.
[4] Revenue Laws 1907, §§ 204–221. The twenty-five per cent tax on collateral aliens was repealed by St. 1911, c. 19.

The exemption under direct inheritances applies to the estate as a whole, not to individual shares, and if the Washington portion of the estate of a non-resident is less than this amount, the estate is not taxed.

Washington taxes stock, but not bonds,[1] of a Washington corporation owned by a non-resident, but does not tax stock in foreign corporations which have property in the State when the stock is owned by non-residents. Real estate in the State belonging to a non-resident is taxed. It is not the practice to require an inventory of the entire estate before permitting the corporation to transfer stock owned by a deceased non-resident.

42. West Virginia

West Virginia adopted a collateral inheritance tax in 1887 and extended it to direct inheritances in 1907. The following taxes are imposed:[2] —

Direct inheritances —		
Inheritance to widow,		
Under	$ 15,000	exempt
Excess over	15,000 up to $ 25,000	1%
Excess over	25,000 up to 50,000	1½%
Excess over	50,000 up to 100,000	2%
Excess over	100,000 up to 500,000	2½%
Excess over	500,000	3%
Inheritances to husband, child, lineal descendant, lineal ancestor,		
Under	$10,000	exempt
Excess over	10,000 up to $25,000	1%

[1] The State Board of Tax Commissioners rules, under date of January 25, 1917, that a bond is not an "obligation" in the State within the meaning of the statute.

[2] West Virginia Code, c. 33; Code Supplement (1909), c. 33; Acts 1907, c. 55; Acts 1909, c. 63; Acts 1913, c. 25.

Excess over	$ 25,000 up to $ 50,000	1½%
Excess over	50,000 up to 100,000	2%
Excess over	100,000 up to 500,000	2½%
Excess over	500,000	3%
Collateral inheritances —		
Inheritances to brother or sister (not including half blood),		
Under	$ 25,000	3%
Excess over	25,000 up to $ 50,000,	4½%
Excess over	50,000 up to 100,000	6%
Excess over	100,000 up to 500,000	7½%
Excess over	500,000	9%
All other inheritances,		
Under	$ 25,000	5%
Excess over	25,000 up to $ 50,000	7½%
Excess over	50,000 up to 100,000	10%
Excess over	100,000 up to 500,000	12½%
Excess over	500,000	15%

The exemptions apply to the individual shares, not to the estate as a whole. The State is collecting the inheritance tax on stock of corporations organized under the laws of West Virginia belonging to non-residents, but not on bonds of non-residents issued by West Virginia corporations where the bonds were not in the State at the date of the decedent's death.

The following property of all non-residents is specifically made taxable: all real estate and tangible property including money on deposit within the State; all intangible personal property including bonds, securities, shares of stock, and choses in action, the evidence of ownership of which is actually within the State; stock in West Virginia corporations whether the certificates are within or without the State. The retaliative provision designed to avoid double taxation of non-resident securities has been omitted.[1]

[1] St. 1913, c. 25.

Double taxation of personal property belonging to a resident of the State, but kept outside the State, is avoided by a provision that if such property has been taxed in other States West Virginia will not tax it, unless the outside tax is less than the West Virginia tax, and then West Virginia collects only the difference.[1]

A corporation is responsible for the tax if it transfers securities before the tax is paid if it had reasonable cause to know that the property was subject to the tax. It is not the practice to require an inventory of the estate of a non-resident.

43. Wisconsin

Wisconsin's first inheritance tax law, passed in 1868, amounted to little more than a sliding scale of probate fees, and after various amendments was declared unconstitutional.[2] A genuine inheritance tax, enacted in 1899, was declared unconstitutional because the exemption applied to the estate as a whole, not to the individual shares.[3] Finally in 1903 the Legislature passed an act which satisfied the constitutional requirements.[4]

The following taxes are imposed: [5] —

Direct inheritances —

Inheritance to widow —

First	$10,000	exempt
Excess over	10,000 up to $25,000	1%

[1] Sec. 6.
[2] State *v.* Mann, 76 Wis. 469.
[3] Black *v.* State, 113 Wis. 205.
[4] Nunnemacher *v.* State, 129 Wis. 190.
[5] Laws 1903, c. 44, 249; Laws 1905, c. 96; Laws 1907, c. 500; Laws 1909, c. 38, 504; Wisconsin Statutes, §§ 1087–1 to 1087–24 inc., 162, 3818, 3813a, and 3871a. St. 1911, c. 450, 530; St. 1913, c. 627, 643, 763; St. 1915, c. 253, 498.
Tax on transfer resulting from failure to appoint is valid under St. 1913, §§ 1087–1. Montague *v.* State, 157 N.W. 508.

Excess over	$ 25,000 up to $ 50,000	1½%
Excess over	50,000 up to 100,000	2%
Excess over	100,000 up to 500,000	2½%
Excess over	500,000	3%

Inheritances to husband, lineal issue, lineal ancestor, adopted or mutually acknowledged child and lineal issue of such child —

First	$ 2,000	exempt
Excess over	2,000 up to $ 25,000	1%
Excess over	25,000 up to 50,000	1½%
Excess over	50,000 up to 100,000	2%
Excess over	100,000 up to 500,000	2½%
Excess over	500,000	3%

Collateral inheritances —

Inheritances to brother, sister, or their descendants, wife or widow of son, husband of daughter —

First	$ 500	exempt
Excess over	500 up to $ 25,000	1½%
Excess over	25,000 up to 50,000	2¼%
Excess over	50,000 up to 100,000	3%
Excess over	100,000 up to 500,000	3¾%
Excess over	500,000	4½%

Inheritances to brother or sister of father or mother or their descendants —

First	$ 250	exempt
Excess over	250 up to $ 25,000	3%
Excess over	25,000 up to 50,000	4½%
Excess over	50,000 up to 100,000	6%
Excess over	100,000 up to 500,000	7½%
Excess over	500,000	9%

Inheritances to brother or sister of grandfather or grandmother or their descendants —

First	$ 150	exempt
Excess over	150 up to $ 25,000	4%
Excess over	25,000 up to 50,000	6%
Excess over	50,000 up to 100,000	8%
Excess over	100,000 up to 500,000	10%
Excess over	500,000	12%

All other inheritances —

First	$ 100		exempt
Excess over	100 up to	$ 25,000	5%
Excess over	25,000 up to	50,000	7½%
Excess over	50,000 up to	100,000	10%
Excess over	100,000 up to	500,000	12½%
Excess over	500,000		15%

The exemption applies to each individual share, not to the estate as a whole. If the Wisconsin portion of an inheritance is less than the exempted amount, Wisconsin imposes no tax. The exemption is apportioned to the share of the Wisconsin property of a resident as compared with his share of the whole estate, as no tax is levied on property of a resident decedent located without the State when the transfer of such property is subject to an inheritance tax where located, which tax has been paid; provided such property is not outside the State temporarily and provided the laws of the State where it is located allow a like exemption. This provision was added in 1913 as a step toward avoiding double taxation.[1]

This State makes a special point of prompt issue of waivers for transfer in the estates of non-residents.

Wisconsin is notable as being the first to attempt by direct statute to impose an inheritance tax on insurance policies. These are generally held not to be a part of the estate,[2] but a recent statute [3] provides that insurance payable upon the death of any person shall be deemed part of his estate and subject to tax as such.

Wisconsin taxes stock in a Wisconsin corporation owned by a non-resident. So stock of a non-resident in a

[1] St. 1913, c. 627, §2.

[2] Cf. Blakemore and Bancroft on Inheritance Taxes, p. 94. Tyler *v.* Treasurer (Mass. 1917), 115 N.E. 300.

[3] St. 1915, c. 253.

foreign corporation owning property in Wisconsin is also taxable.[1] The law provides for the payment of such tax at a value proportionate to the Wisconsin property as compared to the entire property of the corporation. So the real estate of a non-resident is subject to tax.

A corporation or individual that transfers or delivers any securities or assets of a non-resident without first notifying the Attorney-General, and then receiving his permission to do so, is responsible for the tax. It is not the practice to require a complete inventory of a non-resident's estate.

44. Wyoming

Wyoming adopted an inheritance tax in 1903, which was modified in 1909.

The following taxes are imposed: [2] —

Direct inheritances, including inheritances to father, mother, husband, wife, child, brother, sister, wife or widow of son, husband of daughter, adopted or acknowledged child, lineal descendant —

If entire estate is under $10,000	exempt
On excess over $10,000	2%
Collateral inheritances, including all other inheritances	5%

If entire estate is under $500 it is not taxed.

Wyoming is now collecting a tax on stock of a Wyoming corporation owned by a non-resident if the stock certificate is kept outside the State, and the statute contains the usual provision holding the corporation responsible for the collection of the tax.

[1] That such tax is illegal, see *ante*, p. 12.

[2] Compiled Statutes (1910), c. 165.

CHAPTER VIII

THE FEDERAL LAW: A UNIQUE DOCUMENT

CONGRESS, on September 8, 1916, enacted, in a time of peace and prosperity, an inheritance tax law in many respects of a novel character. It was drafted and pushed through Congress during the heat of a Presidential campaign by the Democrats and opposed by the Republicans as a strict party measure as a part of a general omnibus bill for overcoming a large deficit in the National Treasury.

It had always been taken for granted that inheritance taxes should in normal times be left to the States and only enacted by the Federal Government as an emergency measure as was done during the Civil and the Spanish Wars. This new law overturns this precedent, and it was even predicted in the congressional debates that all inheritance taxation would be shortly taken over by the Federal authority, the proceeds paid to the National Government, and among the States.

The new law is fundamentally different from existing legislation in that it is imposed on the estate itself instead of on each distributive share.[1] The drastic provisions for collection require the executor, within thirty days of his appointment or of coming into possession of any property of the decedent, to give notice to the collector, to make returns of the gross and net estate where

[1] The only precedent in this country for this provision seems to be the recent Rhode Island law of 1916. See *ante*, p. 81. The early probate fees were of a different nature.

the gross estate exceeds $60,000, or where the estate is subject to tax, and further provides that the tax is due one year after the decedent's death, and ninety days later the collector shall, in case of non-payment, commence proceedings to sell the assets of the estate "unless there is reasonable cause for further delay."

The tax remains a lien on the "gross estate" of the decedent for ten years after his death and is a lien on all property transferred by the decedent within two years before his death, except in case of a *bona-fide* sale for a fair consideration. The latter provision seems to place on the parties the burden of proving that a sale was *bona fide*. The result may well be that wealthy men may have difficulty in selling their property, as cautious conveyancers might properly require evidence of record that a conveyance was made "for a fair consideration," in order to guard against this lien.

The rates are progressive and based solely on the size of the net estate and not on the size of the distributive shares or the relationship of the beneficiaries.

They are as follows on residents: —

Not exceeding	$50,000	exempt
$ 50,000 to	$ 150,000	2%
150,000 to	250,000	3%
250,000 to	450,000	4%
450,000 to	1,000,000	5%
1,000,000 to	2,000,000	6%
2,000,000 to	3,000,000	7%
3,000,000 to	4,000,000	8%
4,000,000 to	5,000,000	9%
Exceeding	5,000,000	10%

The progressive rates in each case are imposed only on that portion of the estate exceeding the lower rate. For example, in an estate of $300,000, $50,000 is exempt,

$100,000 is taxable at 2 per cent, $100,000, at 3 per cent, and $50,000 at 4 per cent.

Non-residents are entitled to no exemption, but must pay 1 per cent on the first $50,000 and the progressive rates applied to residents, but the tax is levied only on the property located in the United States.[1]

Congress amended this law on March 3, 1917, by imposing the following rates "upon the transfer of the net estate of every decedent dying after the passage of this act, whether a resident or non-resident of the United States": —

Not exceeding $50,000	1½%
$ 50,000 to $ 150,000	3%
150,000 to 250,000	4½%
250,000 to 450,000	6%
450,000 to 1,000,000	7½%
1,000,000 to 2,000,000	9%
2,000,000 to 3,000,000	10½%
3,000,000 to 4,000,000	12%
4,000,000 to 5,000,000	13½%
Exceeding 5,000,000	15%

The net estate is defined by the original act to include only values over $50,000 of the estates of residents, so this act continues the exemption of $50,000 and increases the rates fifty per cent. The same discrimination against non-residents is continued, as they are allowed no exemptions.

There would appear to be the gravest doubt as to the constitutionality of the law, with little guide in the way of precedents, as it seems to have been framed without any reference to prior National or State legislation on the subject. Two obvious attacks on the law are, first,

[1] This feature of the tax appears to be a clear violation of certain treaties. Cf. Blakemore and Bancroft on Inheritance Taxes, § 61.

that it is a direct tax,[1] and as such should be apportioned among the several States; and second, that making its graduated tax depend on the size of the estate rather than on the size of the distributive share is so grossly unfair as to be void as lacking in uniformity, for which view there are various precedents.[2]

One curious effect of the law is that it bears solely on the residue, and as probably nine wills out of ten leave the residue to the wife or children of the testator, this results in a tax on lineals exempting collaterals and strangers.

The law as first passed was expected to yield an annual revenue of $54,000,000, while all the States together have been collecting only $28,000,000 annually from this source.

[1] As to what is a direct tax on inheritances, see Cotton *v.* Rex (1914), A.C. 176.

[2] See, for example, Black *v.* State, 113 Wis. 205.

The War Revenue Bill of October 3, 1917 imposes the following rates of tax on the net estate additional to the rates set forth on page 98:

Not exceeding $50,000	½%
$ 50,000 to $ 150,000	1 %
150,000 to 250,000	1½%
250,000 to 450,000	2 %
450,000 to 1,000,000	2½%
1,000,000 to 2,000,000	3 %
2,000,000 to 3,000,000	3½%
3,000,000 to 4,000,000	4 %
4,000,000 to 5,000,000	4½%
5,000,000 to 8,000,000	5 %
8,000,000 to 10,000,000	7 %
Exceeding 10,000,000	10 %

CHAPTER IX

A MOVEMENT FOR A UNIFORM INHERITANCE TAX LAW

THE demand for a uniform inheritance tax law found expression in the report of a committee on the subject made to the Fourth International Tax Conference held at Milwaukee, Wisconsin, in the summer of 1910. Thirty-five States, two Canadian Provinces, and sixteen universities were represented by officially appointed delegates.

At the first conference in 1907 the following resolution had been adopted: —

WHEREAS, the principles of international and interstate comity require that the same property should not be taxed by two jurisdictions at the same time, and the laws for taxation of the transfer of property at death commonly transgresses these principles, be it

Resolved, that succession and inheritance tax laws should be so amended that the same property shall not be taxed by two jurisdictions at the death of the owner.

At the second conference in 1908 a committee was appointed to prepare a model bill which would accomplish this result. This committee included: —

Honorable William H. Corbin, State Tax Commissioner of Connecticut.

Professor Charles J. Bullock, Harvard University.

Honorable Lawson Purdy, President of the Department of Taxes, New York City.

Mr. A. C. Pleydell, Secretary, New York Tax Reform Association.

Mr. E. L. Heydecker, Assistant Tax Commissioner, New York City.

Professor Joseph H. Underwood, University of Montana.

Professor S. S. Huebner, University of Pennsylvania.

The committee aimed to produce a bill imposing a reasonable tax which would provide a fair revenue and also a tax definitely fixed and easily computed. The tax proposed is graded as to relationship and progressive as to the amount of the inheritance, and is based on the value of each inheritance, not on the total value of the estate. It avoids double taxation of securities by proposing that they should be taxed only at the residence of the owner.

"Tangible property" is defined to mean corporeal property, such as real estate and goods, wares, and merchandise. "Intangible property" is defined to mean incorporeal property, including money, deposits in bank, shares of stock, bonds, notes, credits, evidences of an interest in property, and evidences of debt.

The proposed law then provides that a resident shall pay an inheritance tax on all his intangible property and on his tangible property situated within the State, and that a non-resident shall pay an inheritance tax only on tangible property within the State.

The classification and rates proposed are as follows: —

Direct inheritances, including those to father, mother, husband, wife, child, brother, sister, wife or widow of son, husband of daughter, adopted or mutually acknowledged child, lineal descendant —

Under $2500 (to each heir)	exempt
Excess over $ 2500 up to $ 25,000	1%
Excess over 25,000 up to 250,000	2%

Excess over $ 250,000 up to $1,000,000	......	3%
Excess over 1,000,000	....	4%

Collateral inheritances, including all other inheritances —

Under $500 (to each heir)	....	exempt
Excess over $ 500 up to $ 10,000	......	2%
Excess over 10,000 up to 25,000	......	3%
Excess over 25,000 up to 100,000	......	5%
Excess over 100,000 up to 1,000,000	......	10%
Excess over 1,000,000	....	15%

The conference recommended to every one of the States the adoption of such a bill. Whatever difference of opinion there may be as to the rates suggested, there certainly can be no sound excuse for not adopting the provisions that eliminate double taxation.

To obtain uniform legislation, concerted action throughout the country is necessary, as it was, for example, in the adoption of the uniform "Negotiable Instruments Act." The power to impose an inheritance tax is shared by the States and the Federal Government independently so that Federal legislation cannot accomplish uniformity.

Incidentally, the Tax Conference has taken a very decided position that the Federal Government should not exercise its power to levy an inheritance tax, but should leave this tax to the States, which action did not avail, however, in preventing the Federal act of 1916.

The opinion of the Association has been recently formulated by its committee as follows: [1] —

First. Inheritance taxes must be levied by a given State only with reference to such property as devolves in accordance with its laws.

[1] *Proceedings*, National Tax Association, 1914.

Second. Real estate and tangibles can have but one situs; namely, the place or places of location.

Third. Intangibles as such have no taxable situs, but should subject their owner at his domicile to taxation reasonably proportional to the income he derives.

The proceedings of this Association have already had considerable effect in stopping the riot of double and triple taxation. Its recommendations have been already followed, in whole or in part, in Connecticut, New Hampshire, Colorado, Arkansas, South Dakota, North Dakota, and New York, while Massachusetts and Vermont have gone beyond the scheme of the Association by exempting all personalty of non-residents.

The latest suggestion toward uniformity in inheritance taxation is that made recently by Professor Seligman, and discussed in Congress during the debate on the Revenue Law of 1916, that all inheritance taxes should be collected solely by the National Government under a Federal law and that the proceeds should be distributed equitably between the Federal Government and the several States. This large increase in Federal activities would certainly eliminate the evils of double taxation, but would be a long step away from the American ideal of local self-sufficiency and toward centralized control. It may well be that we are now so commercially interdependent that our forefathers' notions of State control of local affairs, especially of taxation, are no longer apt and that the future will see an entire readjustment of inheritance and income taxes.

CHAPTER X

SOME MATTERS NOT TOUCHED UPON — THE POSITION OF TRUST CERTIFICATES — SOME EFFORTS TO AVOID DOUBLE TAXATION

THE purpose of the foregoing chapters has been only to indicate to investors in a general way how their securities may be affected by inheritance tax laws, especially of States other than the ones in which they reside. For that reason many matters of considerable importance have not even been touched upon.

The position of bequests for religious, charitable, or educational purposes has not been gone into. Such bequests are commonly exempt from inheritance tax, though usually the bequest is exempt only if the money is to be spent in the State.

No attempt has been made to deal with the complicated details involved in computing the inheritance tax where property is left in trust, or otherwise, to one person for life and then passes to some one else.

Nor has there been any attempt to go into questions of administrative details, such as who determines the tax, who collects the tax, and when it is due. There is usually some advantage in prompt payment and a penalty in the way of excessive interest if payment is delayed beyond a certain time.

From numerous inquiries that we have received it seems that there is some confusion as to the basis of the computation of the inheritance tax on securities. Many

people have an idea that the tax is based on their par value. Such is not the case. The tax on all property is based upon its real or market value at the time of death.[1]

There is much uncertainty as to the status of trust certificates like Great Northern Ore certificates. It has been noted that Massachusetts treats very similar organizations, such as Massachusetts Electric and Massachusetts Gas, as standing on the same footing with Massachusetts corporations, although they are not incorporated and their shares represent only a beneficial interest in property held by trustees. As to the status of Great Northern Ore certificates (it will be remembered that the Great Northern Railway is a Minnesota corporation), we are advised by the office of the Attorney-General of Minnesota, under date of February 19, 1917, that they have been taxing such certificates in the same manner as shares of stock during the past year. There is a case pending in the District Court of Ramsey County involving the validity of such tax which will probably be tried during the spring of 1917.

As has been noted, very few of the many questions that arise have been settled by the courts. Where a question has not been passed upon by the courts, it may be safely assumed that the tax authorities will construe it in such a way as to get a tax for the State and the biggest one possible. To this situation is due much of the irritation occasioned by the operation of inheritance tax laws. Though a State may make the most preposterous claims, it is often cheaper to pay than to fight, but there is gradually accumulating an amount of righteous indignation that will certainly result in the substitution of at

[1] Hooper *v.* Bradford, 178 Mass. 95.

least common decency for highway robbery in the administration of inheritance tax laws.

There have been some interesting efforts to meet the injustice of these laws. An expedient that is finding increasing favor with investors is to keep their stock certificates of foreign corporations in the name of their banker or broker. This seems not only an effective, but a square and legitimate method of preventing the outrage of double taxation. The only possible pretext that a State has for levying an inheritance tax on stock of a domestic corporation, owned by a non-resident, is that ordinarily it is necessary to resort to the protection of the laws of the State to transfer the securities, but if securities are held in such a way that it is not necessary to transfer them in settling an estate, the State of incorporation certainly has no moral or legal right to a transfer tax.

Another device which has been sometimes upheld is to make deposits or keep stock in the name of two individuals, as the husband and wife, and the survivor. Such transfers have, however, been directly taxed by statute in Massachusetts and New York and have been found taxable in some other States.

The creation of a trust does not seem an effective means for avoiding inheritance taxes, as the imposition of an inheritance tax by the State of the domicile on a trust fund kept in another State over which fund the decedent reserves complete control is upheld in a recent decision by our highest court.[1]

A simple method of avoiding the payment of a collateral inheritance tax, in a State which does not tax direct inheritances, is found in an Iowa case in which the col-

[1] Bullen *v.* Wisconsin, 36 U.S. Sup. Ct. Rep. 473.

lateral legatees, and others interested in the will, all united in renouncing the provisions of the will and agreeing that the property might be distributed as in the case of intestacy. The court upheld their right to do this, with the result that the property passed entirely to direct heirs and the State got no tax. Though it was fairly evident that there was some sort of an understanding that the collateral legatees should not suffer by their renunciation, the effect of such an understanding was not passed upon by the court.[1]

Other people have tried incorporating themselves into a holding company. To a man holding securities in corporations of numerous States, this plan has much to commend it. On his death his estate consists simply of the shares of the holding company in whose treasury are held his other securities. In a Minnesota case a man incorporated himself, turned over all his property to the corporation, issued the stock to his family in the proportions in which he wished them to share his property on his death, and then had the property leased by the corporation back to him for his life. This family did not pay any inheritance tax.[2]

Such devices are, however, not common, and only worth while for large estates. For the estate of ordinary size inheritance taxation is frequently not taxation, but legalized or "officialized" robbery.

We have spoken of double and triple taxation. If a man lives in one State and has stock in a corporation organized in another State, which does all its business in a third State, and keeps his stock in a safe-deposit box in a fourth State, his estate may be obliged to pay a full

[1] *In re* Stone, 132 Iowa, 136.
[2] State *v.* Probate Court, 102 Minn. 268.

inheritance tax four times. The first State may be any one of forty-three; the second State, any one of at least twenty-eight; the third, any one of thirteen; [1] and the fourth, any one of half a dozen.

[1] Such tax is, however, illegal. See *ante*, p. 12.

CHAPTER XI

CANADA

Corporations may be organized either under the laws of the Dominion or under the laws of the different Provinces. The Provinces have the power to incorporate companies, and these companies have power to do business anywhere they wish. Apparently there is no difference, so far as succession duties go, whether the companies are incorporated under the laws of a Province or under the laws of the Dominion.

The Dominion Government collects no tax, but the Provinces do. The local law does not allow transfers of stock without the payment of succession duties to the Province in which the registry office of the company is located. The fact that the companies are incorporated by the Dominion Government apparently makes no difference. This might raise an important constitutional question as to whether or not the Provinces have power to tax such transfers, but the courts have held that the Provinces have the power to impose a license fee on a company incorporated by the Dominion doing business within the separate Provinces, so, on the same principle, it would seem that the taxation would be held constitutional.

An American estate owning stock of Canadian Pacific, which is incorporated by the Dominion Government, would have to pay succession duties to the Province of Quebec, where there is a registry office; that is, if the stock was on the Quebec registry. Canadian Pacific also

has a registry in London, and if the stock was on the London registry, this, of course, would not apply.

A resident of Montreal who owns shares or bonds of an American railroad would pay an inheritance tax to the Province of Quebec in addition to what he might have to pay in the States.

Two important cases respecting Canadian inheritance taxes have recently been decided by the English Privy Council. In the first,[1] the estate of a resident of Nova Scotia was held liable to a succession tax in New Brunswick on a deposit in the New Brunswick branch of the Bank of British North America. The court holds this deposit to be a simple contract debt taxable at the residence of the debtor. This decision would seem to lend countenance to the double taxation of bonds in this country.

Another and even more important case,[2] recently decided by the same learned tribunal, holds that the Quebec statute does not apply to movable property outside the Province. The Privy Council goes on to hold that, as under the British North America Act of 1867 the Canadian Provinces have authority to levy only direct taxes, the Quebec inheritance tax law is not a direct tax and is consequently void, at least so far as it applies to property outside the Province. The decision is of fundamental importance and should be carefully studied, as it almost seems to lay the axe at the whole inheritance tax system of Canada.[3]

[1] Rex *v.* Lovitt, 1912, A.C. 212. [2] Cotton *v.* Rex, 1914, A.C. 176.

[3] The principal other Canadian cases are as follows: —

Attorney-General *v.* Newman, 1 O.L.R. (Ont.) 51.

In re McDonald, 9 B.C.R. 174.

Lambe *v.* Manuel, 1903, App. Cas. 68.

Woodworth *v.* Attorney-General, 1908, App. Cas. 508.

According to our ideas an inheritance tax is an excise [1] and it is almost impossible to conceive of it as a direct tax, but the new Quebec act of 1914 has been sustained as being a direct tax.[2]

Features of the Canadian laws are their discrimination against aliens and the fact that they are drawn to cover bonds as well as stocks issued by Canadian corporations held by aliens. Quebec, for example, is exacting a high rate on the transfer of registered bonds of aliens issued by Quebec corporations. Canadian securities are certainly not attractive to American investors from the standpoint of inheritance taxes.

An outstanding feature of the Canadian acts is their complicated system of exemptions based chiefly on the value of the whole estate, and in some cases both on the value of the whole estate and on the size of the individual share. We have outlined the situation as best we can in the following table: —

Province	*Direct inheritances*		*Collateral inheritances*	
	Rate (per cent)	*Exemption*	*Rate (per cent)*	*Exemption*
Alberta	1½–14 *c*	$2000 *b*–$25,000 *a*	5–16 *c*	$5000 *a*
British Columbia	1½–5	25,000 *a*	5–10	5000 *a*
Manitoba	½–9	2000 *b*– 25,000 *a*	1–15	4000 *a*
New Brunswick	1¼–5*	200 *b*– 50,000 *a*	5–10*	$200 *b*– 5000 *a*
Nova Scotia	2½–5	500 *b*– 25,000 *a*	5–10	500 *b*– 5000 *a*
Ontario	1½–15	300 *b*– 25,000 *a*	5–17½	300 *b*– 5000 *a*
Prince Edward Island	1½–2½	10,000 *a*	2½–7½	3000 *a*
Quebec	1¼–8	15,000 *a*	5–15	..
Saskatchewan	1½–5	5000 *b*– 25,000 *a*	5–10	200 *b*– 5000 *a*

* To persons residing out of Province rate is doubled.
a Exemption figured on value of whole estate. *b* Exemption of individual share.
c Rate is slightly higher where beneficiaries are non-residents.

[1] Cf. Welch *v.* Burrill, 223 Mass. 87, 96.

[2] Desjardins *v.* Reid, (1914) 21 R. de J. 145. The validity and effect of the Quebec act is still, in May, 1917, the subject of litigation, and we therefore suggest the payment of the tax only after proper protest. (*Ed.*)

LIST OF CORPORATIONS

THE following is a list of some of the more prominent companies, showing the State in which they are incorporated, and the exchange where their securities are traded in. Those marked * are not corporations, but joint-stock companies or voluntary associations.

Name of company	*Stock Exchange*	*State where incorporated or organized*
Acme Tea Company	New York, Philadelphia	Pennsylvania
Acushnet Mills		Massachusetts
Adams Express	New York	New York*
Adventure Copper	Boston	Michigan
Ætna Explosives	N.Y. Curb, Boston Curb	New York
Ahmeek Mining	Boston	Michigan
Ajax Rubber	New York	New York
Alaska Gold	New York, Boston	Maine
Alaska-Juneau Gold	New York	West Virginia
Algomah Mining	Boston	Michigan
Allis-Chalmers	New York	Delaware
Allouez Mining	Boston	Michigan
American Agricultural Chemical	New York, Boston	Connecticut
American Bank Note	New York	New York
American Beet Sugar	New York	New Jersey
American Book		New York
American Brake Shoe and Foundry	New York	New Jersey
American Brass		Connecticut
American and British Manufacturing	New York Curb	New York
American Can	New York, Chicago	New Jersey
American Car and Foundry	New York	New Jersey
American Chicle		New Jersey
American Cities	New York, New Orleans	New Jersey
American Cotton Oil	New York	New Jersey
American Express	New York	New York*
American Glue		Massachusetts
American Hide and Leather	New York	New Jersey
American Ice Securities	New York	New Jersey
American Light and Traction	New York	New Jersey
American Linen		Massachusetts
American Linseed	New York	New Jersey
American Locomotive	New York	New York
American Malt	New York	New Jersey
American Manufacturing		Massachusetts
American Piano	Boston	New Jersey
American Pneumatic Service	Boston	Delaware
American Power and Light		Maine
American Radiator	Chicago	New Jersey
American Railways	Philadelphia	New Jersey
American Screw		Rhode Island
American Sewer Pipe	Pittsburgh, Cleveland	New Jersey
American Shipbuilding	Chicago	New Jersey
American Smelters Securities	New York, Boston	New Jersey
American Smelting and Refining	New York	New Jersey

Name of company	*Stock Exchange*	*State where incorporated or organized*
American Snuff	New York	New Jersey
American Soda Fountain		New Jersey
American Steel Foundries	New York	New Jersey
American Sugar	New York, Boston	New Jersey
American Sumatra Tobacco	New York Curb	Georgia
American Telegraph and Cable	New York	New York
American Telephone and Telegraph	New York, Boston, Chicago, Philadelphia, Washington, D.C.	New York
American Thread		New Jersey
American Tobacco	New York	New Jersey
American Typefounders	Chicago	New Jersey
American Woolen	New York, Boston	Massachusetts
American Writing Paper	New York, New York Curb	New Jersey
American Zinc	New York, Boston	Maine
Ames Shovel and Tool		New Jersey
Amoskeag Manufacturing	Boston	New Hampshire
Anaconda Copper	New York, Boston	Montana
Androscoggin Mills		Maine
Anglo-American Oil	New York Curb	England
Ann Arbor Railroad	New York	Michigan
Arizona Commercial Mining	Boston	Maine
Arkansas Southwestern		Arkansas
Arkwright Mills		Massachusetts
Arlington Mills		Massachusetts
Armour and Company		Illinois
Arnold Mining	Boston	Michigan
Associated Dry Goods	New York	Virginia
Associated Oil	Los Angeles	California
Atchison, Topeka & Santa Fé	New York, Boston	Kansas
Atlanta, Birmingham & Atlantic	New York	Georgia
Atlantic Coast Line	New York, Baltimore, Philadelphia	Virginia
Atlantic, Gulf & West Indies	New York, Boston	Maine
Atlantic Mills		Rhode Island
Atlantic Mining		Michigan
Atlantic Refining	New York Curb	Pennsylvania
Atlas Portland Cement		Pennsylvania
Atlas Powder		Delaware
Automatic Weighing Machine		New York
Autosales Gum and Chocolate		New York
Babcock and Wilcox Company		New Jersey
Baker (Walter) Company		Massachusetts
Baldwin Locomotive Works	New York, Philadelphia	Pennsylvania
Baltimore & Ohio	New York, Baltimore	Maryland, Virginia
Bangor & Aroostook		Maine
Barnaby Manufacturing		Massachusetts
Barnard Manufacturing		Massachusetts
Barrett Company of New Jersey	New York	New Jersey
Bates Manufacturing		Maine
Batopilas Mining	New York, Boston	New York
Bay State Street Railway	Boston	Massachusetts
Berkshire Cotton Manufacturing		Massachusetts
Bethlehem Steel	New York	New Jersey
Bigelow Carpet		Massachusetts
Bingham Mines	Boston Curb	Maine
Birmingham Railway, Light and Power	New Orleans, Louisville	Alabama
Bliss (E. W.) Company		West Virginia
Booth Fisheries	New York, Chicago	Delaware
Boott Mills		Massachusetts
Borden's Condensed Milk		New Jersey
Borden Manufacturing		Massachusetts
Borne-Scrymser	New York Curb	New Jersey
Boston & Albany	Boston	Massachusetts, New York

Name of company	*Stock Exchange*	*State where incorporated or organized*
Boston & Lowell	Boston	Massachusetts
Boston & Maine	Boston	Mass., N.H., Me.
Boston and Montana Development	New York Curb, Boston Curb	Montana
Boston & Providence	Boston, Providence	Massachusetts
Boston & Worcester	Boston	Massachusetts
Boston Belting		Massachusetts
Boston Duck		Massachusetts
Boston Elevated	Boston	Massachusetts*
Boston Land	Boston	Massachusetts
Boston, Revere Beach & Lynn	Boston	Massachusetts*
Boston Suburban Electric	Boston	Massachusetts
Boston Wharf		Massachusetts
Boston Woven Hose		Massachusetts
Braden Copper Mines	New York Curb	Delaware
Brill (J. G.) Company	Philadelphia	Pennsylvania
Brooklyn Rapid Transit	New York	New York
Brooklyn Union Gas	New York	New York
Brown Shoe	New York	New York
Buckeye Pipe Line	New York Curb	Ohio
Buffalo, Rochester & Pittsburgh	New York	New York, Pennsylvania
Burns Bros. Inc.	New York	New Jersey
Bush Terminal	New York	New York
Butler Mill		Massachusetts
Butte-Balaklava	Boston	Arizona
Butte & Superior	New York, Boston	Arizona
Butterick Company	New York	New York
California Petroleum	New York	Virginia
Calumet and Arizona Mining	Boston	Arizona
Calumet and Hecla	Boston	Michigan
Cambria Steel	Philadelphia	Pennsylvania
Canadian Car and Foundry	New York Curb. Montreal, Toronto	Dominion of Canada
Canadian Pacific	New York, Montreal, Toronto	Dominion of Canada
Canadian Southern	New York	Dominion of Canada
Capital Traction	Washington	District of Columbia
Car Light and Power	New York Curb	Maine
Case (J. I.) Company	New York	Wisconsin
Centennial Copper	Boston	Michigan
Central Coal and Coke	New York, Philadelphia, St. Louis	Missouri
Central Foundry	New York Curb	Maine
Central of Georgia Railway	New York	Georgia
Central Leather	New York, Boston	New Jersey
Central Pacific		Utah
Central Railroad of New Jersey	New York, Philadelphia	New Jersey
Central Vermont Railway	Boston	Vermont
Central & South American Telegraph	New York	New York
Cerro de Pasco Copper	New York	New York
Chalmers Motor	Detroit	Michigan
Chandler Motor Car	New York	Ohio
Chapman Valve		Massachusetts
Chesapeake & Ohio	New York	Virginia, West Virginia
Chesebrough Manufacturing	New York Curb	New York
Chevrolet Motor	New York Curb	Delaware
Chicago & Alton	New York	Illinois
Chicago & Eastern Illinois	New York	Illinois
Chicago & Northwestern	New York	Illinois, Wisconsin, Michigan
Chicago, Burlington & Quincy	New York, Chicago, Boston	Illinois
Chicago Elevated Railways		Massachusetts
Chicago Great Western	New York	Illinois
Chicago Junction Railways and Union Stock Yards	Boston	New Jersey

Name of company	*Stock Exchange*	*State where incorporated or organized*
Chicago, Milwaukee & St. Paul	New York	Wisconsin
Chicago Pneumatic Tool	Chicago	New Jersey
Chicago Railways	Chicago	Illinois
Chicago, Rock Island & Pacific Ry.	New York	Illinois, Iowa
Chicago, St. Paul, Minneapolis & Omaha	New York	Wisconsin
Chicago Telephone	Chicago	Illinois
Chicago Utilities		Maine
Chicopee Manufacturing		Massachusetts
Childs Company		New York
Chile Copper	New York, Boston	Delaware
Chino Copper	New York, Boston	Maine
Cincinnati, Hamilton & Dayton		Ohio
Cleveland, Cincinnati, Chicago & St. Louis	New York	Ohio, Indiana
Cluett, Peabody	New York	New York
Colonial Oil	New York Curb	New Jersey
Colorado Fuel and Iron	New York	Colorado
Colorado & Southern	New York	Colorado
Columbia Gas and Electric	New York, Pittsburgh	West Virginia
Commonwealth-Edison	Chicago	Illinois
Computing — Tabulating — Recording	New York	New York
Concord & Claremont (B. & M.)		New Hampshire
Concord & Montreal (B. & M.)	Boston	New Hampshire
Concord & Portsmouth (B. & M.)		New Hampshire
Connecticut & Passaic River (B. & M.)	Boston	Vermont
Connecticut Company		Connecticut
Connecticut Railway and Light	New York	Connecticut
Connecticut River Railroad (B. & M.)	Boston	Massachusetts, New Hampshire
Consolidated Gas	New York	New York
Consolidated Gas, Electric Light and Power	Baltimore	Maryland
Consolidated Interstate-Callahan Mining	New York	Arizona
Consolidated Mercur	Boston, Salt Lake	New Jersey
Consolidation Coal	New York, Baltimore, St. Louis	Maryland
Contact Copper	Boston Curb	Michigan
Continental Can	New York	New York
Continental Mills	Boston	Maine
Continental Oil	New York Curb	Colorado
Copper Range	Boston	Michigan
Corn Products	New York, Chicago	New Jersey
Cosden Oil and Gas	New York Curb	Oklahoma
Cramp & Sons (Wm.)	Philadelphia	Pennsylvania
Crescent Pipe Line	New York Curb	Pennsylvania
Crex Carpet	New York	Delaware
Crucible Steel	New York, Pittsburgh	New Jersey
Cuba Cane Sugar	New York	New York
Cuban-American Sugar	New York	New Jersey
Cuban Portland Cement	Boston	Massachusetts
Cudahy Packing	Chicago	Maine
Cumberland Power and Light	Boston	Maine
Cumberland Pipe Line	New York Curb	Kentucky
Cumberland County Power and Light	Boston	Maine
Cumberland Telephone and Telegraph	New York, Boston	Kentucky
Daly-West	Boston, Salt Lake City	Colorado
Dartmouth Manufacturing		Massachusetts
Davis-Daly Copper	Boston	Maine
Davis Mills		Massachusetts
Dayton Power and Light	New York	Ohio
Deere and Company	New York, Chicago	Illinois
Delaware & Hudson	New York	New York
Delaware, Lackawanna & Western	New York	Pennsylvania

Name of company	*Stock Exchange*	*State where incorporated or organized*
Denver & Rio Grande	New York	Colorado, Utah
Des Moines & Ft. Dodge Railway	New York	Iowa
Detroit-Edison	New York	New York
Detroit United	New York, Cincinnati, Cleveland	Michigan
Diamond Match	New York, Chicago	Illinois
Distillers Securities	New York	New Jersey
Dome Mines	New York	Ontario
Dominion Coal	Boston	Nova Scotia
Dominion Steel	Boston, Montreal, Toronto	Nova Scotia
Douglas (W. L.) Shoe		Maine
Draper Company		Maine
Driggs-Seabury Ordnance	New York	Delaware
Duluth, South Shore & Atlantic	New York, Toronto, Montreal	Mich., Wis.
Duluth-Superior Traction	New York	Connecticut
Du Pont Powder	New York, San Francisco	New Jersey
Dwight Manufacturing		Massachusetts
East Boston Land	Boston	Massachusetts
East Butte	Boston	Arizona
Eastern Steamship		Maine
Eastman Kodak	New York, Rochester	New Jersey
Edison Company of Boston	Boston	Massachusetts
Edmunds and Jones Corporation	Chicago	New York
Edwards Manufacturing		Maine
Electric Bond and Share	New Orleans	New York
Electric Storage Battery	New York, Philadelphia	New Jersey
Elgin Watch	Chicago	Illinois
Emerson Phonograph	New York Curb	New York
Erie Railroad	New York	New York
Essex Company		Massachusetts
Eureka Pipe Line	New York Curb	West Virginia
Everett Mills		Massachusetts
Fairbanks and Company		Vermont
Federal Mining and Smelting	New York	Delaware
Fisher Manufacturing		Massachusetts
Fisk Rubber		Massachusetts
Fitchburgh Railroad	Boston	Mass., N.H., Vt., N.Y.
Flint Mills		Massachusetts
Fore River Shipbuilding		Massachusetts
Franklin & Tilton (B. M.)		New Hampshire
Franklin Company		Maine
Franklin Mining	Boston	Michigan
Galena Signal Oil	New York Curb	Pennsylvania
Galveston-Houston Electric	Boston, Louisville	Maine
Gaston, Williams & Wigmore	New York	New York
General Asphalt	Philadelphia	New Jersey
General Chemical	New York	New York
General Electric	New York, Boston	New York
General Motors	New York, Chicago, Cleveland	Delaware
Georgia Railway & Electric	Boston, Louisville	Georgia
Giant Portland Cement		Delaware
Gillette Safety Razor		Massachusetts
Giroux Consolidated	Boston	Delaware
Goldfield Consolidated	New York, Los Angeles	Wyoming
Goodrich (B. F.) Company	New York	New York
Gorham Manufacturing	Providence	Rhode Island
Gosnold Mills		Massachusetts
Granby Consolidated	New York, Boston	British Columbia
Granite Mills		Massachusetts
Great Falls Manufacturing		New Hampshire, Maine
Great Northern	New York	Minnesota

Name of company	Stock Exchange	State where incorporated or organized
Great Northern Ore	New York	Minnesota*
Greene-Cananea	New York, Boston	Minnesota
Grinnell Manufacturing		Massachusetts
Guggenheim Exploration	New York	New Jersey
Gulf States Steel	New York	Delaware
Hackensack Water	New York	Massachusetts
Hamilton Manufacturing		Massachusetts
Hancock Consolidated	Boston	Michigan
Harbison-Walker	New York, Pittsburgh	Pennsylvania
Hargraves Mills		Massachusetts
Harmony Mills		Massachusetts
Hartman Corporation	New York, Chicago	Virginia
Hart, Schaffner & Marx	Chicago	New York
Havana Electric Railway, Light and Power	New York	New Jersey
Hedley Gold Mining	Boston	Delaware
Helme (Geo. W.) Company	New York	New Jersey
Helvetia Mining	Boston	Arizona
Heywood Bros. & Wakefield		New Jersey
Hill Manufacturing		Maine
Hocking Valley Products		West Virginia
Hocking Valley Railroad	New York	Ohio
Homestake Mining	New York	California
Hood Rubber		Massachusetts
Hudson Companies		New York
Illinois Brick	Chicago	Illinois
Illinois Central	New York	Illinois
Illinois Pipe Line	New York Curb	Ohio
Illinois Traction	Montreal, Toronto	Maine
Independent Brewing	Pittsburgh	Pennsylvania
Indiana Mining	New York, Lafayette	Indiana
Indiana Mining		Michigan
Indiana Pipe	New York Curb	Indiana
Ingersoll-Rand	New York	New Jersey
Inspiration Consolidated	New York, Boston	Maine
Interboro Rapid Transit	New York	New York
Interborough Consolidated	New York	New York
Inter Continental Rubber	New York Curb	New Jersey
International Agricultural	New York	New York
International & Great Northern		Texas
International Buttonhole	Boston	Maine
International Cotton Mills		Massachusetts
International Harvester (N.J.)	New York	New Jersey
International Harvester Corporation	New York	New Jersey
International Mercantile Marine	New York	New Jersey
International Nickel	New York	New Jersey
International Paper	New York	New York
International Portland Cement	Boston	Virginia
International Power	New York	New Jersey
International Silver	Hartford	New Jersey
International Smelting and Refining	Boston	New Jersey
International Steam Pump	New York, Boston	New Jersey
International Traction		New Jersey
Island Creek Coal	Boston	Maine
Isle Royale Copper	Boston	New Jersey
Jacksonville Traction		Massachusetts
Jewell Tea	New York	New York
Jones & Laughlin Steel		Pennsylvania
Kanawaha & Michigan	New York	Ohio, West Virginia

Name of company	Stock Exchange	State where incorporated or organized
Kansas City, Ft. Scott & Memphis	New York, Boston	Kansas
Kansas City, Mexico & Orient		Kansas
Kansas City Railway and Light	Chicago	New Jersey
Kansas City Southern	New York	Missouri
Kayser (Julius) Company	New York	New York
Kelly-Springfield Tire	New York	New Jersey
Kennecott Copper	New York	New York
Kerr Lake	Boston, Toronto	New York
Keweenaw Copper	Boston, Duluth	Michigan
Kings County Electric Light and Power	New York	New York
Kresge (S. S.) Company	New York	Delaware
La Belle Iron Works	Pittsburgh	West Virginia
Lackawanna Steel	New York	New York
Laclede Gas	New York, St. Louis	Missouri
Lake Copper	Boston	Michigan
Lake Erie & Western	New York	Illinois
Lake Superior Corporation	Philadelphia, Toronto	New Jersey
Lake Torpedo Boat	New York Curb	Maine
Lancaster Mills		Massachusetts
Lanett Cotton Mills		Alabama
La Salle Copper	Boston	Michigan
Laurel Lake Mills		Massachusetts
Laurium Mining		Michigan
Lawrence Manufacturing		Massachussetts
Lee Rubber and Tire	New York	New York
Lehigh Coal & Navigation	Philadelphia	Pennsylvania
Lehigh Valley Coal Sales	New York Curb	New Jersey
Lehigh Valley Railroad	New York, Philadelphia	Pennsylvania
Liggett & Meyers	New York	New Jersey
Lima Locomotive	New York Curb	Virginia
Lincoln Telephone and Telegraph		Nebraska
Long Island Railroad	New York	New York
Loose-Wiles Biscuit	New York	New York
Lorillard (P.) Company	New York	New Jersey
Lorraine Manufacturing		Rhode Island
Louisiana & Arkansas		Arkansas
Louisville & Nashville	New York	Kentucky
Lowell Bleachery		Massachusetts
Luther Manufacturing		Massachusetts
Lyman Mills		Massachusetts
McElwain (W. H.) Company	Boston	Massachusetts
Mackay Companies	New York, Boston	Massachusetts*
Magma Copper	New York Curb	Maine
Maine Central Railroad	Boston	Maine
Manchester & Keene (B. & M.)		New Hampshire
Manchester & Lawrence (B. & M.)	Boston	New Hampshire
Manhattan Beach	New York	New York
Manhattan Elevated	New York	New York
Manhattan Shirt	New York	New York
Manomet Mills		Massachusetts
Manufacturers' Light and Heat	Pittsburgh	Pennsylvania
Marconi Wireless of America	New York Curb	New Jersey
Massachusetts Consolidated	Boston	Michigan
Massachusetts Cotton Mills		Massachusetts
Massachusetts Electric	Boston	Massachusetts*
Massachusetts Gas	Boston	Massachusetts*
Massachusetts Mills in Georgia		Massachusetts
Mathieson Alkali Works	New York, Boston	Virginia
Maverick Mills		Massachusetts
Maxwell Motor	New York	Delaware
May Department Stores	New York	New York

Name of company	*Stock Exchange*	*State where incorporated or organized*
Mayflower Mining	Boston	Michigan
Mergenthaler Linotype	New York, Boston, Washington, D.C.	N.Y.
Metropolitan West Side Railway	New York, Chicago	Illinois
Mexican Light and Power	Montreal, Toronto	Dominion of Canada
Mexican Metals	Boston Curb	Arizona
Mexican Petroleum	New York	Delaware
Mexican Telephone and Telegraph	Boston	Maine
Miami Copper	New York, Boston	Delaware
Michigan Central	New York	Michigan
Michigan State Telephone	Chicago	Michigan
Middlesex Company		Massachusetts
Midvale Steel	New York Curb	Delaware
Minneapolis & St. Louis	New York	Minnesota, Iowa
Minneapolis General Electric		New Jersey
Minneapolis, St. Paul & Saulte Sainte Marie	New York	Minn., Wis., Mich.
Mississippi River Power	Boston	Maine
Missouri, Kansas & Texas	New York	Kansas
Missouri Pacific	New York	Missouri, Kansas, Nebraska
Mitchell Motors	New York Curb	New York
Mobile Electric		Alabama
Mohawk Mining	Boston	Michigan
Moline Plow	New York	Illinois
Montana Power	New York	New Jersey
Montgomery, Ward	New York	New York
Montreal Light, Heat and Power	Montreal, Toronto	Quebec
Montreal Tramways	Montreal	Quebec
Mother Lode	New York Curb	Washington
Narragansett Mills		Massachusetts
Nashawena Mills		Massachusetts
Nashua & Acton (B. & M.)		Massachusetts, New Hampshire
Nashua & Lowell (B. & M.)		Massachusetts, New Hampshire
Nashua Manufacturing		New Hampshire
Nashville, Chattanooga & St. Louis	New York	Tenn., Ga., Ala., Ky.
National Acme	New York Curb	Ohio
National Biscuit	New York	New Jersey
National Carbon	Chicago, Boston	New Jersey
National Cash Register		Ohio
National Cloak and Suit	New York	New York
National Enameling and Stamping	New York, St. Louis	New Jersey
National Fire Proofing	Pittsburgh	Pennsylvania
National Lead	New York	New Jersey
National Railways of Mexico	New York	Mexico
National Transit	New York Curb	Pennsylvania
Naumkeag Steam Cotton		Massachusetts
Nevada Consolidated	New York, Boston	Maine
New Arcadian	Boston	Michigan
New Central Coal	New York	West Virginia
New England Cotton Yarn	Boston	Massachusetts
New England Navigation		Connecticut
New England Telephone and Telegraph	Boston	New York
New Idria Quicksilver	Boston	Wyoming
New Jersey Zinc		West Virginia
New River	Boston	West Virginia
New York Air Brake	New York	New Jersey
New York Central	New York	New York
New York, Chicago & St. Louis	New York	N.Y., Ohio, Ind., Pa.
New York Dock	New York	New York
New York, Lackawanna & Western	New York	New York
New York Mutual Gas Light		
New York, New Haven & Hartford	New York, Boston	Conn., Mass., R.I.
New York, Ontario & Western	New York	New York

Name of company	*Stock Exchange*	*State where incorporated or organized*
New York Railways		New York
New York, Susquehanna & Western	Philadelphia	New Jersey, Pennsylvania
New York Telephone		New York
New York Transit	New York Curb	New York
Newmarket Manufacturing		Massachusetts
Niagara Falls Power	New York	New York
Nicholson File	Providence	Rhode Island
Niles-Bement-Pond		New Jersey
Nipissing Mines	Boston, Montreal, Toronto	Maine
Norfolk & Western	New York	Virginia
Norfolk Southern	New York	Virginia
North American Company	New York, St. Louis	New Jersey
North American Pulp and Paper	New York Curb	Massachusetts
North Butte Mining	Boston	Minnesota
North Lake Mining	Boston	Michigan
Northern Central Railway	New York, Philadelphia, Baltimore,	Pennsylvania, Maryland
Northern Ohio Traction and Light	New York, Cleveland, Cincinnatti	Ohio
Northern Pacific	New York	Wisconsin
Northern Pipe Line	New York Curb	Pennsylvania
Northern Railroad (B. & M.)	Boston	New Hampshire
Northern Securities		New Jersey
Northern Texas Electric	Boston, Louisville	Maine
Nova Scotia Steel	New York, Boston	Nova Scotia
Ohio Cities Gas	New York	Ohio
Ohio Copper Mining	New York Curb	Maine
Ohio Fuel Supply	New York, Pittsburgh	Ohio
Ohio Oil	New York Curb	Ohio
Ojibway Mining	Boston	Michigan
Oklahoma Natural Gas	Pittsburgh	Oklahoma
Old Colony Copper	Boston	Michigan
Old Colony Railroad	Boston	Massachusetts
Old Dominion	New York, Boston	Maine
Ontario Silver Mining	New York	Utah
Oregon & California Railroad		Oregon
Oregon Short Line		Utah
Oregon-Washington Railroad and Navigation		Oregon
Osceola Consolidated	Boston	Michigan
Otis Elevator	Chicago	New Jersey
Owens Bottle-Machine	New York	Ohio
Pabst Brewing	New York	Wisconsin
Pacific Coast Company	New York, Boston	New Jersey
Pacific Gas and Electric		California
Pacific Mail	New York	New York
Pacific Mills		Massachusetts
Pacific Telephone and Telegraph	New York, San Francisco	California
Pan-American Petroleum and Transport	New York	Delaware
Parker Mills		Massachusetts
Parrot Silver and Copper		Montana
Pennsylvania Coal and Coke		Pennsylvania
Pennsylvania Railroad	New York, Philadelphia	Pennsylvania
Pennsylvania Salt Manufacturing	Philadelphia	Pennsylvania
Pennsylvania Steel	Philadelphia	New Jersey
Pennsylvania Textile		Pennsylvania
Peoples' Gas Light and Coke	New York, Chicago	Illinois
Peoria & Eastern	New York	Illinois, Indiana, Ohio
Pepperell Manufacturing		Maine
Père Marquette	New York, Boston	Michigan, Indiana
Pettibone, Mulliken	New York	New York
Phelps, Dodge and Company	New York	New York

Name of company	*Stock Exchange*	*State where incorporated or organized*
Philadelphia Company	New York, Philadelphia	Pennsylvania
Philadelphia Electric	Philadelphia	New Jersey
Philadelphia Rapid Transit	New York, Philadelphia	Pennsylvania
Philadelphia Traction	Philadelphia	Pennsylvania
Pierce Manufacturing		Massachusetts
Pierce Oil	New York Curb	Virginia
Pittsburgh Brewing	Pittsburgh	Pennsylvania
Pittsburgh, Cincinnati, Chicago & St. Louis	New York, Philadelphia	Pa., W.Va.
Pittsburgh Coal	New York, Pittsburgh	Pennsylvania
Pittsburgh, Ft. Wayne & Chicago	New York, Pittsburgh	Ohio, Ind., Ill., Pa.
Pittsburgh Oil and Gas	Pittsburgh	Delaware
Pittsburgh Plate Glass	Pittsburgh	Pennsylvania
Pittsburgh Steel	New York, Pittsburgh	New Jersey
Plymouth Cordage		Massachusetts
Pocasset Manufacturing		Massachusetts
Pond Creek Coal	Boston	Maine
Pope Manufacturing	Hartford	Massachusetts
Prairie Oil and Gas	New York Curb	Kansas
Pratt & Whitney		New Jersey
Pressed Steel Car	New York	New Jersey
Public Service Corporation of New Jersey	New York	New Jersey
Pullman Company	New York, Boston, Chicago	Illinois
Punta Alegre Sugar	Boston	Delaware
Quaker Oats	Chicago	New Jersey
Quicksilver Mining	New York	New York
Quincy Mining	Boston	Michigan
Railway Steel Spring	New York	New Jersey
Ray Consolidated	New York, Boston	Maine
Reading	New York, Philadelphia	Pennsylvania
Reece Button Hole Machine	Boston	Maine
Reece Folding Machine	Boston	Maine
Regal Shoe		Maine
Remington Typewriter	New York Curb	New York
Renfrew Manufacturing		Massachusetts
Republic Iron and Steel	New York	New Jersey
Riker & Hegeman	New York Curb	New York
Rotary Ring	Boston	Delaware
Royal Baking Powder		New Jersey
Rubber Goods Manufacturing	New York	New Jersey
Rumely (M.) Company	New York	Indiana
Rutland Railroad	New York, Boston	Vermont, New York
Sagamore Manufacturing		Massachusetts
St. Joseph Lead	New York Curb	New York
St. Joseph & Grand Island	New York	Kansas, Nebraska
St. Louis & San Francisco	New York, Boston	Missouri
St. Louis Southwestern	New York	Missouri
St. Mary's Mineral Land	Boston	New Jersey
San Pedro, Los Angeles & Salt Lake		Utah
Santa Fé Gold and Copper	Boston	New Jersey
Sao Paulo Traction, Light and Power	Montreal	Ontario
Savannah Electric	Boston, Louisville	Georgia
Saxon Motor	New York	New York
Scovill Manufacturing		Connecticut
Seaboard Air Line		Virginia
Seaconnet Mills		Massachusetts
Sears, Roebuck and Company	New York, Chicago	New York
Seneca Copper	New York Curb, Boston Stock	New York
Shannon Copper	Boston	Delaware

Name of company	*Stock Exchange*	*State where incorporated or organized*
Sharp Mills		Massachusetts
Shattuck-Arizona Copper	New York, Boston	Minnesota
Shawinigan Water and Power	Montreal	Quebec
Singer Manufacturing		New Jersey
Slater Mills		Massachusetts
Sloss-Sheffield	New York, Richmond	New Jersey
Solar Refining	New York Curb	Ohio
South Penn. Oil	New York Curb	Pennsylvania
South Porto Rico Sugar	New York	New Jersey
South Utah Mines and Smelters	Boston	Maine
Southern Pacific	New York	Kentucky
Southern Pipe Line	New York Curb	Pennsylvania
Southern Railway	New York, Baltimore, Richmond	Virginia
Standard Milling	New York	New Jersey
Standard Motor	New York Curb, Boston Curb	New Jersey
Standard Oil (California)	New York Curb	California
Standard Oil (Indiana)	New York Curb	Indiana
Standard Oil (Kansas)	New York Curb	Kansas
Standard Oil (Kentucky)	New York Curb	Kentucky
Standard Oil (Louisiana)	New York Curb	Louisiana
Standard Oil (Nebraska)	New York Curb	Nebraska
Standard Oil (New Jersey)	New York Curb	New Jersey
Standard Oil (New York)	New York Curb	New York
Standard Oil (Ohio)	New York Curb	Ohio
Standard Screw		New Jersey
Stevens Manufacturing		Massachusetts
Stewart Mining	New York Curb, Boston Curb	Idaho
Stewart Warner Speedometer	New York, Chicago	Virginia
Studebaker Corporation	New York, Chicago	New Jersey
Stutz Motor	New York	New York
Submarine Boat	New York Curb	New York
Submarine Signal	Boston Curb	Maine
Sullivan County Railroad		New Hampshire
Suncook Mills		Massachusetts
Superior & Boston	Boston	Arizona
Superior Copper	Boston	Michigan
Superior Steel	New York Curb	Pennsylvania
Swan & Finch	New York Curb	New York
Swift and Company	Chicago, Boston	Illinois
Tamarack Mining	Boston	Michigan
Tecumseh Mills		Massachusetts
Tennessee Central Railroad		Tennessee
Tennessee Coal, Iron & Railroad	New York	Tennessee
Tennessee Copper	New York, Boston	New Jersey
Terre Haute Traction and Light		Indiana
Texas & Pacific	New York, Philadelphia	U.S., Texas
Texas Central		Texas
Texas Company	New York	Texas
Texas Pacific Land Trust	New York	Texas*
Third Avenue	New York	New York
Thomas G. Plant Company	Boston	Massachusetts
Thorndike Company		Massachusetts
Tobacco Products	New York	Virginia
Toledo Railways and Light	New York, Cincinnati, Cleveland, Louisville, Columbus	Ohio
Toledo, St. Louis & Western	New York	Indiana
Tonopah Mining	Philadelphia, San Francisco	Delaware
Torrington	Boston, Hartford	Maine
Transue and Williams Steel	New York	Ohio
Tremont and Suffolk Mills		Massachusetts
Twin City Rapid Transit	New York, Toronto, Montreal	New Jersey

Name of company	*Stock Exchange*	*State where incorporated or organized*
Underwood Typewriter	New York	Delaware
Union Bag and Paper	New York	New Jersey
Union Carbide	Chicago	Virginia
Union Cotton Manufacturing		Massachusetts
Union Mills		Maine
Union Natural Gas	Pittsburgh	Delaware
Union Pacific	New York, Boston	Utah
Union Switch and Signal	Pittsburgh, Chicago	Pennsylvania
Union Tank Line	New York Curb	New Jersey
Union Traction (Philadelphia)	Philadelphia	Pennsylvania
United Alloy Steel	New York Curb	New York
United Cigar Manufacturing	New York	New York
United Cigar Stores	New York Curb	New Jersey
United Drug	New York, Boston	Massachusetts
United Dry Goods	New York	Delaware
United Electric Securities	Boston	Maine
United Fruit	New York, Boston	New Jersey
United Gas Improvement	Philadelphia	Pennsylvania
United Motor Corporation	New York Curb	New York
United Paper Board	Chicago	New Jersey
United Profit Sharing	New York Curb	Delaware
United Railways Investment	New York, Philadelphia	New Jersey
United Shoe Machinery	Boston	New Jersey
United States Cast Iron Pipe	New York	New Jersey
United States Envelope	Hartford	Maine
United States Finishing		Connecticut
United States Industrial Alcohol	New York	West Virginia
United States Light and Heat Corporation		New York
United States Realty and Improvement	New York	New Jersey
United States Reduction and Refining	New York	New Jersey
United States Rubber	New York, Boston	New Jersey
United States Smelting, Refining and Mining	New York, Boston	Maine
United States Steamship	New York Curb	Maine
United States Steel	New York, Boston, Pittsburgh	New Jersey
United States Worsted		Massachusetts
United Verde Copper		West Virginia
United Verde Extension	New York Curb, Boston Curb	Delaware
Utah Consolidated	Boston	New Jersey
Utah Copper	New York, Boston	New Jersey
Vacuum Oil	New York Curb	New York
Vandalia Railroad	New York	Indiana, Illinois
Ventura Oil	Boston	Maine
Victoria Copper	Boston	Michigan
Virginia-Carolina Chemical	New York, Richmond	New Jersey
Virginia Iron, Coal and Coke	New York	Virginia
Virginian Railway		Virginia
Vulcan Detinning	New York	New Jersey
Wabash-Pittsburgh Terminal Railway		Pa., Ohio, W.Va.
Wabash Railroad	New York	Ill., Ind., Mich., Mo., Ohio
Wamsutta Mills		Massachusetts
Washington Oil	New York Curb	Pennsylvania
Washington Railway & Electric	Washington, D.C	District of Columbia
Wells-Fargo	New York	Colorado
West End Street Railway	Boston	Massachusetts
West Pennsylvania Traction and Water Power	Pittsburgh	West Virginia
Western Maryland Railway	New York	Md., W.Va., Pa.
Western Electric		Illinois
Western New York & Pennsylvania Ry.	Philadelphia	Pennsylvania, New York
Western Pacific Railway		California

Name of company	*Stock Exchange*	*State where incorporated or organized*
Western Union Telegraph	New York, Boston	New York
Westinghouse Air Brake	Pittsburgh	Pennsylvania
Westinghouse Electric and Mfg	New York, Pittburgh, Boston	Pennsylvania
Westmoreland Coal	Philadelphia	Pennsylvania
Weyman-Bruton	New York	New Jersey
Wheeling & Lake Erie	New York	Ohio
White Motor	New York	Ohio
Whitman Mills		Massachusetts
Willys-Overland	New York	Ohio
Wilson and Company	New York, Chicago	New York
Wilton Railroad		New Hampshire
Winchester Repeating Arms		Connecticut
Winona Copper	Boston	Michigan
Wisconsin Central Railroad	New York, Boston	Wisconsin
Wolverine Copper	Boston	Michigan
Woolworth (F. W.) Company	New York	New York
World Film	New York Curb	Virginia
Worthington Pump and Machinery	New York	Virginia
Wright-Martin Air Craft	New York Curb	New York
Wyandot Copper	Boston	Michigan
Yazoo & Mississippi Valley Railroad		Mississippi
Zinc Concentrating	New York Curb	Delaware

LIST OF STATE OFFICIALS

IN CHARGE OF INHERITANCE TAX MATTERS

As executors and attorneys frequently waste much time in trying to locate the proper state official with whom to adjust the tax, we have here compiled a list so far as possible of the addresses of such officials.

Arizona. State Treasurer, Phœnix.
Arkansas. Attorney-General, Little Rock.
California. Office of Controller, Inheritance Tax Department, Sacramento.
Colorado. Attorney-General, Inheritance Tax Department, Denver.
Connecticut. Tax Commissioner, Hartford.
Delaware. Secretary of State, Dover.
Georgia. Court of Ordinary of county having jurisdiction of the property.
Idaho. Judge of Probate Court in county where property is situated.
Illinois. Office of Attorney-General, Inheritance Tax Department, Otis Building, Chicago.
Indiana. State Tax Commission, Inheritance Tax Investigator, Indianapolis.
Iowa. State Treasurer, Des Moines.
Kansas. Tax Commission, Topeka.
Kentucky. County Court where property is located. (Southern Pacific transferred in Jefferson County, Louisville.) The local sheriff acts as collector.
Louisiana. Attorney for Inheritance Tax Collector (Samson Levy), New Orleans.
Maine. Attorney-General, Augusta.
Maryland. State Tax Commission, 504 Union Trust Building, Baltimore.
Massachusetts. Tax Commissioner, Inheritance Tax Division, Boston.

Michigan. Attorney-General, Lansing.
Minnesota. Attorney-General, St. Paul.
Missouri. State Auditor, Jefferson City.
Montana. State Treasurer, Helena.
Nebraska. County Court where property is situated.
Nevada. State Controller, Carson City.
New Hampshire. State Treasurer, Legacy Tax Department, Concord.
New Jersey. Comptroller of the Treasury, Trenton.
New York. Comptroller, Albany.
North Carolina. Corporation Commission, Raleigh.
North Dakota. Tax Commission, Bismarck.
Ohio. Tax Commission, Columbus.
Oklahoma. State Corporation Commission, Oklahoma City.
Oregon. Treasury Department, Salem.
Pennsylvania. Auditor-General, Harrisburg.
Porto Rico. Treasurer, San Juan.
Rhode Island. Board of Tax Commissioners, Providence.
South Dakota. Tax Commission, Pierre.
Tennessee. Judge of Probate Court in county where property is situated.
Texas. Judge of Probate Court in county where property is situated.
Utah. Attorney-General, Salt Lake City.
Vermont. Commissioner of Taxes, Northfield.
Virginia. Auditor of Public Accounts, Richmond.
Washington. State Board of Tax Commissioners, Olympia.
West Virginia. State Tax Commissioner, Charleston.
Wisconsin. Tax Commission, Madison.
Wyoming. County Treasurer of county where property or principal office of corporation is situated.

United States. Collector of Internal Revenue for district in which decedent lived. If decedent was a non-resident, Collector of Internal Revenue for district in which estate is located, but if estate is located in several districts, then Collector of Internal Revenue at Baltimore, Maryland.

LIST OF CANADIAN OFFICIALS

IN CHARGE OF INHERITANCE TAX MATTERS

Federal Government. Secretary of State, Ottawa.
Alberta. Provincial Secretary, Edmonton.
British Columbia. Treasury Department, Victoria.
Manitoba. Provincial Treasurer, Winnipeg.
New Brunswick. Provincial Treasurer, Fredericton.
Nova Scotia. Provincial Secretary, Halifax.
Ontario. Solicitor to the Treasury, Toronto.
Prince Edward Island. Provincial Secretary, Charlottetown.
Quebec. Receivers of Succession Duties, 9 St. James Street, Montreal.
Saskatchewan. Provincial Secretary, Regina.

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